Social Policy in the Middle East North Africa

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The Project on Middle East Political Science

The Project on Middle East Political Science (POMEPS) is a collaborative network that aims to increase the impact of political scientists specializing in the study of the Middle East in the public sphere and in the academic community. POMEPS, directed by Marc Lynch, is based at the Institute for Middle East Studies at the George Washington University and is supported by Carnegie Corporation of New York and the Henry Luce Foundation. For more information, see http://www.pomeps.org.
This spring, major protests swept through Jordan over economic grievances and subsidy reforms. In July, protestors took to the streets in the south of Iraq, demanding that the government address persistent unemployment, underdevelopment, and corruption. Meanwhile, earlier in 2018, Tunisians launched a wave of protests to oppose tax hikes on basic goods and increased cost of living. Such highly politicized responses to social policy concerns are the norm rather than the exception across the Middle East and North Africa. Social policy is where most citizens actually encounter the state and where policy most impacts peoples’ lives. As such, social policy and, more generally, welfare regimes, deserve a more central place in political science research on the region, as they have in the broader discipline.

Social policy refers to policies shaping life concerns such as education, health, housing, and employment. It concerns the ways that polities and societies meet the basic needs of their citizens and residents for human security and well-being, broadly defined, and face the challenges of poverty, unemployment, demographic and socioeconomic change. National and local governments are the main actors in crafting and enforcing social policy, but non-state actors, such as international and domestic organizations, civil society groups, for-profit entities, and families, among others, are also key.

Social issues were arguably at the heart of the political grievances underlying the Arab uprisings of 2011. Young populations frustrated over lack of access to jobs took to the streets, joined by citizens protesting political repression and poor social service provision. In Tunisia and Egypt, two regimes commonly thought to be among the region’s most stable, collapsed. Similar uprisings took place in Bahrain, Libya, Syria, and Yemen, culminating in violent struggles between opposition groups and ruling regimes over political and economic reforms.

A well-established body of scholarship within political science and other disciplines examines variation in social policy and welfare regimes in advanced, industrialized countries. A growing number of scholars have extended this line of research to developing countries, interrogating questions about variation in the degree of social protection and differences in welfare regimes across countries and regions, asking whether democracies have more articulated welfare states than authoritarian regimes, investigating the effects of ethnoreligious diversity on social policies, and other issues. In particular, researchers increasingly probe the motivations for redistributive policies under authoritarian regimes, which arguably have less pressure to cater to the general population than democracies. Given the healthy share of Middle Eastern countries in the universe of authoritarian polities, regional specialists are well positioned to contribute to this burgeoning line of research – and some have already taken up the charge.

On April 20, 2018, POMEPS and the Harvard Middle East Initiative convened a workshop with a dozen scholars from around the world to discuss theoretical and policy issues related to social policy in the Middle East. The diverse, multidisciplinary group of scholars at the workshop addressed these questions from multiple perspectives. Several key themes emerged from the workshop discussions:

**Social policy as politics**: One of the central issues driving the workshop was simply that social policy must be understood in terms of politics, not just as technocratic challenges. Much discussion of social
policy reforms focuses on their potential economic impacts, with political effects or drivers largely an afterthought or an exogenous constraint. Analyses of subsidy reforms, for instance, typically consider the potential of the consequent price hikes to evoke disruptive protests, but treats social mobilization as a problem to be managed rather than as a legitimate expression of interests that need to be addressed or as a reflection of underlying “social contracts” established over decades between rulers and ruled that serve as de facto forms of social protection in lieu of more formal policies and programs.

The memos in this collection emphasize not only the protest and contentious politics around the establishment and maintenance of social policy, but also the deeper coalitional and regime maintenance politics underlying social policy choices. Abadeer, for instance, shows how Algerian educational investment after the 1991 failed democratic transition and military coup prioritized pro-FLN areas over pro-FIS areas. Also focused on coalition politics, Arslanalp demonstrates how the AKP’s massive transformation of Turkish housing policy was carefully designed to manage tensions inside its own ranks at the local level. In her essay, AbdelNaeem turns to the tensions between efficiency and the political logic of energy subsidies in Jordan and Iran, as reforms hurt low-income sectors disproportionately when governments seek to cut costs while still maintaining key alliances. Yom and Khatib contend that the Jordanian government manipulates youth policy in order to co-opt and demobilize potential challengers. Across the contributions to the collection, the political logic underlying social policy comes to the fore.

**Is the Middle East different?** While every state faces politically difficult choices over social policy, the Middle East presents some distinctive forms and challenges compared with other regions of the world. Oil rents and an especially pronounced legacy of state-led development often led to the creation of large scale, expensive distributive systems across the region. Islamist movements’ activity in the social services sector also acted as a way for states to offload their role in social policy. The region’s highly skewed demographics and, in some countries, the enduring effects of the youth bulge have distinctive implications for labor markets and the demand for housing, putting immense strains on already stressed social policy regimes. Refugee flows place particularly enormous burdens on social sectors and on government capacities to respond to the demands of citizens and non-citizens alike. Independent of old arguments over Middle Eastern cultural or political exceptionalism, such factors point to ways in which social policy in the region might take different political forms than political scientists have observed elsewhere.

**State capacity is key.** Variation in social policy outcomes is often associated with variation in state capacity. At the same time, variation in state capacity is often best observed through variation in the effective delivery of social policy. Disentangling observations of state capacity and of social policy is methodologically important, theoretically challenging, and analytically essential. History may matter, in terms of how states formed. So too might geography, and the ability of the state to reach into different areas. Two pieces in the collection tackle these issues. Drawing on historical evidence from Egypt, Eibl highlights how governments that lack capacity but have incentives to resort to “cheap social policies,” using windfall revenues to finance popular social programs and avoid meaningful reforms. Hartnett also takes a historical approach, showing how colonial legacies of state formation in Iraq and Jordan led to variation in state capacity that then shaped social policy outcomes.
**Regime type matters.** The relationship between the ability to deliver effective social policy and the level of democracy may be important for some aspects of social policy but is not clear cut. Even highly autocratic regimes that do not worry about elections have typically been concerned with at least some elements of social policy – if for no other reason than to prevent the eruption of street protests, which are often triggered by cuts to social benefits (such as increased prices on basic commodities or efforts to raise taxes or improve tax compliance). The more responsive a government feels it must be to public opinion, the less likely it is to make painful reforms that might lead to short-term discomfort but improved longer-term social policy outcomes. As a result, more open or accountable governments, including in hybrid or soft authoritarian regimes, may be more likely to preserve expensive but popular social policies that provide a safety net for citizens. Conversely, more heavy-handed authoritarian regimes may be better positioned to implement painful reforms. Loewe illustrates these points by showing how Sisi has been able to accomplish subsidy reforms that were largely out of reach for Mubarak. El-Meehy finds a similar pattern across the two Egyptian regimes when it comes to pension reform.

**How citizens feel.** We often make assumptions regarding how citizens feel about social policy that are not backed by rigorous evidence. New survey research as well as qualitative and focus group research can shed light on how citizens actually perceive state delivery of social services and how these perceptions may both reflect and shape the social contract. A number of essays in the collection break ground new ground on the question of citizen attitudes vis-à-vis different aspects of social policy. For example, in a survey on prison policies and drugs in Tunisia, Blackman finds little popular support for decriminalizing drug offenses as a way to alleviate prison overcrowding. Based on an original survey experiment, Getmansky, Sinmazdemir, and Zeitzoff explore which Turkish citizens favor social policies in support of Syrian refugees. Taking a qualitative approach, Bishara shows how the nature of student political organization affects mobilization around issues such as unemployment and educational policy in Egypt and Tunisia, while Thompson uses focus groups to examine how young Saudi men feel about housing and employment problems in their country.

**Directions for new research:**

The contributions to this collection raise important issues for further research – both on the Middle East and for the broader research agenda on welfare regimes in developing countries. First, they generate insights for the increasing body of work on social policy under authoritarian rule. In particular, by highlighting the ways in which different authoritarian regimes were more or less successful in pushing through politically risky and socially painful reforms, they invite us to theorize how varieties of authoritarian regimes may be more or less equipped to introduce new or modify existing social policies. Second, these papers call our attention to dimensions of social policy that do not receive much attention, such as prison policies and legal frameworks around regulating drug use, among others. Third, the collection invites questions about the relationship among attitudes, preferences, and policies. A number of the contributors highlight the ways in which public attitudes undergird social policies. In this way, their findings directly and indirectly speak to the broader social science literature on policy feedbacks, or the ways in which social and economic policies themselves create constituencies that then shape further policy initiatives and reform.
These papers, therefore, point to the need for more research in the Middle East and in other developing regions on how public opinion informs and is informed by social policies – even under authoritarian rule. Finally, many long-time students of the Middle East contend that protracted economic crises, unemployment, poverty, and inequality highlight the urgent need for a new “social contract” in the region. As many of these contributions show, however, this is easier said than done. In probing the conditions under which reform occurs or may occur, the essays in this collection emphasize both possibilities for and persistent obstacles to change and underscore the deeply political nature of social policy reform.

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Colonial legacies of uneven state development in MENA

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Harold Lasswell’s (1936) contention that politics is fundamentally a study of who gets what, when, and how neatly sums up current thinking on social policy in the MENA region. Scholars describe MENA states’ provision of welfare services like health and education primarily in terms of Lasswell’s “who gets what.” Scholars like Baylouny (2010) and Cammett (2014) have advanced our understanding of how welfare provision is targeted in weak or retreating states, but we know less about when and how states develop the capacity to deliver public services. A growing political economy literature suggests that historical legacies of state capacity are a productive point of departure for understanding downstream social policy outcomes.

Scholars of the region often recall the negative effects of European colonialism in the Middle East, but few have empirically studied colonialism’s institutional legacies on the long-run development of state capacity. Independent MENA states inherited bureaucratic and political institutions from their colonial predecessors, and although recent scholarship in other fields has shown that “history matters,” historical legacies and their ramifications for MENA’s present remain poorly understood. I argue that rigorous process tracing and serious study of history allows political scientists to make sense of the region’s variable social policy capabilities in the present.

A large literature in political science and development economics examines the historical origins of the state to explain variation in the generosity and capability of states’ provision of services. In the Middle East context, the colonial period stands out as a critical juncture for institution and state building. Colonial rulers established new central governments that increased day-to-day state-society interactions through new public services like education and health care. Evidence from other colonial contexts shows, however, that colonial institutions were not uniformly distributed across territories. Iyer’s (2010) research on the long-term effects of colonial rule on India finds that areas administered directly by the British have lower access to schools, health centers and roads in the post-colonial period than indirectly ruled regions. This essay builds on Iyer’s work to examine how colonial policies impacted long-term social policy outcomes in Jordan and Iraq. I argue that colonial strategies of state-building and control conditioned the spread of these new institutions, resulting in the uneven spread of health and education services.

Colonial variation in state capacity in (Trans)Jordan and Iraq

In the wake of World War I, the British established Mandate governments in Transjordan and Iraq. A comparison of the colonial moment in both countries shows that British opted for very different strategies in dealing with local elites and incorporating them into the new national state. The British administration in Mandate Iraq was primarily concerned with creating domestic allies who could help them rule the country as local proxies. The preferential treatment and economic elevation of tribal landowners in particular paved the way for uneven state building through the creation of strong, parallel local orders capable of constraining the central state. In Transjordan, however, local elites were brought into a relationship of economic and political dependency on the state and were less able to contest British-led state building reforms.

Administrative reports from the British National Archives highlight Britain’s twin goals of maximizing control and

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1 See, for example, Banerjee and Iyer (2005); Besley and Persson (2009); Engerman and Sokoloff (2005); Mahoney (2003); Michalopoulos and Papaioannou (2014); Nunn (2009)
minimizing expenditure in colonial Iraq. Many reports attest to the British using land as a reward for loyal sheikhs and landowners, particularly those in the southeastern province of Amarah. This de facto relationship quickly became de jure through the passage of a series of laws that effectively transferred the control of huge swaths of Iraqi territory to the landed elite and their clients, rather than the state. Sluglett (1976) argues that this informal alliance between the Iraq Government and the landowning class, or mallāks, resulted in the landowners being “left as far as possible to their own devices.” When the British attempted to enact conscription in the 1920s and 1930s, British intelligence attachés in the provinces polled provincial governors about the feasibility of conscripting fellāh or tribesmen. In areas dominated by mallāks, the response was an unequivocal “no.” At one extreme, the British did not bother to expand the state into the tribal district of Muntafiaq. They levied minimal taxes and actually reduced the previous administrative and tax collection responsibilities that the Ottoman government had exacted. Areas dominated by the mallāks received fewer services from the new Iraqi state, creating regions that lagged behind non-mallāk districts.

A good metric of how the landed elite’s relationship with the state conditioned sub-national state capacity is the progress of land title settlement in both Iraq and Transjordan. Beginning in 1933 for both countries, the British encouraged land settlement as an avenue toward reforming a tax collection system that largely depended on land and agricultural production. At the time of the Iraqi July Revolution in 1958, Figure 1 shows that the British-led land settlement program had made few in-roads into provinces controlled by the mallāk elite.

**Figure 1: Land title settlement in Iraq, 1958 (percent completion)**

In Transjordan, however, British-led property right reforms to dismantle traditional forms of collective land tenure and to create a stronger tax among citizens was achieved primarily through the country’s colonial civil court system. Most citizens were small-holder farmers, but the courts treated claims from powerful landowners and the poor with surprising fairness. Transjordanian land settlement was, de jure and de facto, more equitable and efficient than the settlement that occurred in Iraq. In 1946, the year of Jordan’s independence, most of country’s most densely settled regions in the central and northern parts of the country were surveyed and settled. By 1952, a mere six years later, the whole country had been surveyed (Figure 2).

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2 AIR 40/1419, FO 838/12, and FO 624/201, British National Archive.

3 The first law, the Tribal Criminal and Civil Disputes Regulation of 1925, gave Arab sheikhs and Kurdish aghas the ability to hold their own courts through a separate tribal legal system. The second set of laws gave landowners nearly unmitigated access to land and labor. The Land Settlement Law of 1932 created a new class of land tenure, *miiri lazmehe*, that established a process for confirming the leases of landlords on very generous terms, particularly on newly irrigated lands. The Law Governing the Rights and Duties of Cultivators (1933) also gave landlords feudalistic powers over the fellāheen.

4 File AIR 23/120, British National Archive.

5 See Fischbach (2000) for numerous examples of fellāheen winning in court over merchant and sheikh landowners.
Developmentally, the even application of property rights in Jordan and the class favoritism shown by the British in Iraq resulted in two very different levels of infrastructural power. Thorough property rights allocation requires that the state be able to survey the land, determine its owner, adjudicate disputes, and collect taxes. The pervasive reforms in Jordan achieved precisely this. In contrast, property in Iraq was not titled as private but rather as various types of state land that were distributed rent-free to favored elites. This process was less rigorous and more personalistic than the Jordanian land settlement, and one unintended consequence of the reform was that landed elites became more powerful than the state.

Iraq’s subnational variation in state capacity has profound ramifications for the provision of public services. In the rest of this essay, I focus on mapping how landlord-dominated regions differed from the rest of Iraq in state capacity and public service provision. As a result of preferential treatment by the British, landed elites became powerful economic and political actors that often enriched themselves to the detriment of their constituents. As a result, feudalistic regions were alienated from the state-building process and resulted in the under-provision of critical state institutions in landlord-dominated areas of Iraq.

**Education and health provision in Iraq**

Archival evidence suggests that the presence of landed elites favored by the British curtailed the spread of the Iraqi state and its services both during and after the colonial period. I use an original dataset to compare mallāk-dominated regions of Iraq and those where landholding was more equal. The core of my dataset draws on statistical yearbooks published by the the Iraqi government. As no library owns a complete collection, acquiring these yearbooks required extensive archival research in multiple locations, including the British Library, Durham University’s Middle East Documentation Unit, Oxford’s Bodleian Library, the Harvard Lamont Library, and the National Library of Jordan. These annual publications collect statistics from every ministry and sector, and thus provide an unprecedented account of the development of state institutions and the Iraqi economy from the end of the colonial period forward. I digitized, cleaned, and systematized the data for each liwa to create a panel from 1929 to 1965. I measure two social policy outcomes: the percentage of the population enrolled in secondary school and the number of medical doctors per 10,000 liwa.

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6 Statistical Yearbooks were published continuously until 1988 but begin to leave out variables of interest or to only report them at the national level. Another challenge is that administrative borders changed frequently in the post-revolutionary period (i.e., after 1958), and thus maintaining consistent geographic units will require additional methods to approximate variables of interest.

7 Province

8 The Iraqi liwas during this period are Mosul, Erbil, Sulimaniyah, Kirkuk, Baghdad, Duluiam (Ramadi from 1958), Diyalah, Diwaniyyah, Hillah, Kut, Amarah, Karbalah, Muntafiq (Nasiriyah from 1958), and Basra.
inhabitants. The number of doctors is only available from 1941 forward, and although this date falls after the official end of the British Mandate, the British re-occupied Iraq during World War II and maintained heavy influence in government and policy between 1933 and 1941.

Figure 3: Proportion of secondary students by liwa, 1929-1965

Descriptive statistics lend preliminary evidence that the privileged status of the Iraqi landed elite had a negative effect on the spread of state institutions in Iraq during the state-building period and in the post-revolutionary decade. Education and health care provision are frequently mentioned in the British Archive as priorities for the British and the post-colonial state. Despite these priorities, education and health care were slow to enter regions characterized by feudalistic land tenure arrangements. Plotting secondary education across liwas shows the trend that landlord-dominated regions tend to fall in among the lowest performers in secondary schooling (Figure 3). Plots shaded in gray are those dominated by the landed class. As with education, access to health care decreases in liwas dominated by large landowners (Figure 4).

Figure 4: Doctors per 10,000 inhabitants by liwa, 1941-1965

Discussion and conclusion

A useful frame in understanding the ramifications of state services like education and policing for state building is Migdal’s analysis of weak and strong states. Migdal (1988) argues that state social control, or the successful subordination of people’s own inclinations in favor of state rules, is critical for a strong state. A strong state is one where citizens are compliant, active participants in a system they consider legitimate. Weak states, in contrast, jockey for social control with other sub-state groups that spoil the state’s monopoly over the state-building process. While few states in the region could be described as immune to sub-state interests, this essay illustrates how some may have emerged from the colonial experience weaker than others and less able to pursue broad and generous social policies.

The case of Iraq shows how early state capacity is a critical consideration for the development of later social policy outcomes. This essay advocates looking to the past to explain the contemporary limitations of MENA states. The colonial administration’s favoritism toward the landed elite created pockets of weaker state institutionalization, shown here with longitudinal education and health data. Given the colonial origins of many public health and education systems in MENA, questions of who gets what, when, and why may be more helpfully explained through a historical lens and attention to the original design of Middle Eastern states caught between European preferences and domestic elite interests.
Squaring the circle: “Cheap social policies” in the Middle East

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What happens if regimes have the incentive to distribute welfare broadly among their population but lack the capacity to do so? Doner et al. (2005) argue countries escape this dilemma by becoming developmental states. While their argument may explain the dynamic of industrial upgrading in “Asian Tigers,” this certainly does not capture the dynamics of socioeconomic development in the Middle East in which developmental states have been strikingly absent. Using the case study of Egypt, this note develops an alternative explanation of how regimes can “square the circle” by adopting what I call “cheap social policies.” I will argue that this concept helps us make better sense of past and present Egyptian social policies and has broader implications for the study of social policies, especially in a developing context. The note is structured as follows: section one introduces the concept of cheap social policies and retraces its origins in the Egyptian context. Section two empirically demonstrates how cheap social policies have shaped welfare provision in Egypt, past and present. Section three will outline the broader implications of the concept for the study of social policies in the Middle East and beyond.

Origins of cheap social policies in Egypt

Following the 1952 revolution that established the Egyptian republic, the new regime’s expansion of social policies was characterized by (i) a strong incentive for welfare distribution stemming from the specific nature of the authoritarian coalition and (ii) an extremely challenging geostrategic environment in which social spending had to compete with the regime’s need to safeguard against external threats. The Arab-Israeli conflict and foreign policy more generally did not feature prominently amongst the Free Officers’ concerns when they seized power in 1952. In fact, wanting neither peace nor war, the Free Officers exhibited a certain ambivalence vis-à-vis Israel (Barnett 1992, 84). A key indicator of this low level of threat perception was the “heavy cuts in expenditure on defense” (IMF 1954, 15) carried out between 1952 and 1954.

As the nascent regime soon came to realize, though, the ambition for large-scale welfare distribution needed to be reconciled with ensuring survival in the face of strong external threats. The Arab-Israeli conflict and foreign policy more generally did not feature prominently amongst the Free Officers’ concerns when they seized power in 1952. In fact, wanting neither peace nor war, the Free Officers exhibited a certain ambivalence vis-à-vis Israel (Barnett 1992, 84). A key indicator of this low level of threat perception was the “heavy cuts in expenditure on defense” (IMF 1954, 15) carried out between 1952 and 1954.

The Gaza raid of February 1955 carried out by Israel and the Suez War in late 1956 fundamentally changed the regime’s risk perception, however, and shifted the regime’s spending commitments from socio-economic development to defense. Defense expenditures rapidly increased by 116 percent between 1955 and 1960 in absolute terms, whereas social expenditure only rose by 39 percent in the same period. Putting these outlays into broader perspective, defense expenditures consumed yearly about two thirds of what was spent in the first 5-year plan altogether. (Al-Jiritli 1974, 42). With Egypt lacking a natural resource endowment, social policies

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1 The following argument draws on previous macro-comparative work by scholars such as Yom (2016), Slater (2010), and Waldner (1999), who have all pointed to the coalitional underpinnings of authoritarian regimes as a key explanatory variable.
thus had to compete, from the beginning, with security-related expenditures, which greatly undermined the regime's distributive capacity. The 1979 Egypt-Israel peace treaty did not fundamentally alter this situation as military spending was gradually shifted toward the Ministry of Interior in an attempt to buy the support of the military and coup-proof the Sadat and Mubarak regimes. Additionally, high levels of debt service, aggravated by the cost of post-war reconstruction, weighed on the budget (Barnett 1992). Furthermore, in the institutional balance of power among different ministries, Egypt's education and health ministries never developed the political weight of their counterparts in, for example, Tunisia. And the Ministry of Supply, responsible for food subsidies, was viewed as a constant target for cost cutting.

My assessment of Egypt's welfare effort thus partly concurs with El-Meehy's in this volume in that Egypt certainly had the ambition to build a generous, universalist welfare regime. But I argue that it was hampered in doing so by its challenging geopolitical environment. Within this particular context of strong incentives to distribute but little fiscal capacity to do so, as I argue, Egypt resorted to cheap social policies consisting of the following: (i) a heavy reliance on "free" social policies distributing rent-generating statutory rights to lower and middle classes; (ii) the systematic use of windfalls to finance social expenditures; (iii) devising social policies that alleviate the regime's shortage of resources. In the following section, I will focus in particular on the latter two features and demonstrate how they have shaped Egyptian social policies in the past and to what extent they explain the current trends in social policies in Egypt.

Cheap social policies in action

Use of windfalls

In the historic build-up of Egypt's post-1952 welfare regime, there were two main sources of windfalls: confiscations and nationalizations. Large-scale confiscations occurred in two waves. The first wave, carried out in 1953, confiscated the fortune of the Egyptian royal family. In total, the measure expropriated the riches of 407 royal family members and transferred the money to the newly established Council for Social Services (CSS). The amount was estimated at 129.5 million EGP (Egyptian National Archives 1953). This was the equivalent of 62 percent of Egypt's total government expenditures in the financial year 1952/53 or 13.7 percent of the country's entire GDP. The availability of these vast financial resources was reflected in the country's welfare budget, which increased by over 60 percent from 57 million in 1951 – the country's last pre-coup budget – to 91.9 million in 1953.

The second wave of confiscations occurred in the wake of the 1956 Suez Crisis. Tignor (1992, 276) estimates the total value of expropriated assets at 1 billion USD, the equivalent of 2.89 billion EGP. This value amounts to 250 percent of Egypt's GDP and nine times its total government expenditures in 1956. Relative to the annual revenue from the nationalization of the Suez Canal (22.2 million EGP; Owen 1991, 365), this transfer of wealth can only be described as enormous. In addition to confiscations, the regime carried out nationalizations of domestic industrial assets in several waves between February 1960 and March 1964 (O'Brien 1966, 125).

While the importance of these expropriations for Egypt's industrial development has been recognized (Amin and Nawwar 2006, 88), their importance in the field of social policies has largely been overlooked. Yet windfall money was an integral part of the regime's strategy to finance social policies. In fact, a number of archival documents highlight the role of expropriations in supporting the regime's welfare effort. The most important windfall in this context was certainly the confiscation of the king's fortune to fund social projects, which was a critical element of Nasser's strategy to outcompete Naguib (Mohi El Din 1995, 168; Baghdadi 1977, 79–89). Alongside these large-scale projects, cabinet minutes form the Egyptian National Archives also document the frequent recurrence of expropriations for smaller-scale projects. Table 1 summarizes all confiscations carried out for social purposes in 1953-54. The table illustrates the government's widespread practice of using
expropriations of land and real estate to expedite the expansion of Egypt’s educational system. This overview only represents a snapshot of the total amount of expropriations carried out and, though spotty, cabinet minutes throughout the 1950s contain references to confiscations such as the ones described herein (see, for example, Egyptian National Archives 1955, 1958, 1959).

Table 1: Confiscation measures for social purposes (1953-54)

<table>
<thead>
<tr>
<th>Cabinet Session</th>
<th>Expropriation Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 September 1953</td>
<td>Confiscation of 3 empty buildings in Cairo after the owner refused to rent them out to the Ministry of Education</td>
</tr>
<tr>
<td>8 September 1953</td>
<td>Confiscation of 7 other buildings and land by the Ministry of Education</td>
</tr>
<tr>
<td>13 September 1953</td>
<td>Confiscation of 1 empty building and land by the Ministry of Education</td>
</tr>
<tr>
<td>18 October 1953</td>
<td>Confiscation of 1 building and land for educational purposes</td>
</tr>
<tr>
<td>4 November 1953</td>
<td>Confiscation of land by the Ministry of Social Affairs</td>
</tr>
<tr>
<td>11 November 1953</td>
<td>Confiscation of land for educational purposes</td>
</tr>
<tr>
<td>2 December 1953</td>
<td>Expropriation of two buildings and land by the Ministry of Education</td>
</tr>
<tr>
<td>23 December 1953</td>
<td>Confiscation of land for educational purposes</td>
</tr>
<tr>
<td>20 January 1954</td>
<td>Confiscation of a building and land to construct a school after the owner’s refusal to extend the tenancy contract with the Ministry of education</td>
</tr>
<tr>
<td>30 June 1954</td>
<td>Confiscation of a building of educational purposes</td>
</tr>
</tbody>
</table>

In addition to this qualitative evidence, there is also quantitative evidence to suggest that windfalls and social policies have historically been linked in Egypt. Figure 1 shows the short-term and long-term effect of expropriation acts and oil/gas revenues per capita on welfare spending as a share of GDP for the period (1952-2010). The values are derived from an error correction model with panel-corrected standard errors. Key data on expropriation acts is taken from Hajzler (2011), who defines an expropriation act as “the involuntary divestment of assets of any number of direct investment firms, within a given 3-digit industry and in a given year.” (Hajzler 2011, 122). The model contains a number of standard controls, such as GDP per capita, defense spending, and ODA receipts.

Figure 1: Short- and long-term effects of windfalls on welfare
Note: Whiskers indicate 95-percent confidence interval.

As shown, the occurrence of an expropriation event is strongly and positively associated with an increase in welfare expenditures. The model suggests that one expropriation act increases social spending by 0.7 percent of GDP on average in the year after the act, with no visible knock-on effects in the long term. Conversely, a 100 USD increase in oil/gas revenues per capita – roughly one standard deviation – hikes up welfare spending by 3 percent of GDP, not in the short-term but in the longer term. Given that average social spending change in Egypt

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2 In its current form, Hajzler’s expropriation dataset comprises all events between 1960 and 2006, which means that I needed to extend the data forwards and backwards to cover the full time period under investigation.
amounts to 0.11 percent of GDP over the time period, increases of this magnitude represent a considerable boost in welfare expenditures and demonstrate the close link between fiscal windfalls and welfare expenditures in Egypt.

As expropriation events became increasingly rare, with the last one taking place in 1995, it is important to ask to what extent the relationship between windfall money and social expenditures still holds in the present period. By far the most important financial windfalls in recent times, next to Egypt’s gas exports, have been the significant receipts from privatization programs that started in the 1990s under the auspices of the IMF and accelerated under the Nazif cabinet from 2004 onward. Revenues from public divestments were substantial, amounting to several percentage points of GDP in a few years, especially after Egypt decided to privatize some state-owned banks in the 2000s. Interestingly, privatization proceeds are not positively correlated with social spending, which is also in line with the general claim that the late Mubarak period did not see any major upward shift in welfare spending or the implementation of major social policies (e.g. Soliman 2011). Instead, the bulk of the privatization receipts were used to reduce national debt and clear non-performing loans in the public banking sector.

Given that the fiscal capacity of Egypt had not fundamentally improved in the 2000s compared to previous decades – taxes as a share of GDP, for instance, remained at similar levels – the partial delinking of windfalls and social policies points to changes in the regime’s support coalition and the diminishing importance of lower and middle classes in it, relative to business communities and capital owners (King 2007). That said, the persistent association between gas rents and welfare outlays suggests that the logic of cheap social policies based on windfalls partly persisted throughout the Mubarak era.

**Social policies to make money**

Another defining feature of cheap social policies is the designing of social policies to alleviate the shortage of resources and thus support the regime’s welfare effort. Arguably, this puts the logic of distributive social policies on its head as social policies devised in such way become a mechanism of resource generation instead of resource distribution. Given conditions of resource scarcity and the need to cater to a large support base, these social policies become extremely advantageous since they enable the generation of additional revenue while bolstering domestic legitimacy. A main area where revenue-generating social policies were historically implemented was social insurance. The correspondence between the Ministry of Social Affairs and the Council of Ministers in the preparation of the social security legislation, preserved in the National Archives, gives us an important indication of the motives behind key social security legislation introduced in the early 1950s.

When presenting the draft law to the Council of Ministers in November 1952, the Minister of Finance pointed to the “copious resources” that the funds will make available to the government and the extent to which this would support the national economy (Egyptian National Archives 1953). In fact, the explanatory note contains no reference any social motives whatsoever. In a second note, dating from June 1953, the Ministry of Finance and Economics urged the Council of Ministers to extend social insurance to all new state employees (Egyptian National Archives 1953). Underlining the “present conditions of austerity,” the minister highlighted the “vast funding opportunities” (Egyptian National Archives 1953) that would become available if social insurance were to be extended. In turn, this would help the government finance its development projects.

The same arguments for social legislation appear again in the context of the 1955 law, which extended social insurance to the private sector and thus considerably broadened its coverage. The archival notes strongly suggest that economic reasons played a major role in the government’s motivation to pass the law (Egyptian National Archives 1955). Particularly insightful is an explanatory note from the Ministry of Social Affairs to the Council of Ministers from July 1955 laying out two key
motives behind the draft law. First, social insurance was meant to "calm down" workers and to make them more productive, so social considerations, albeit in a rather paternalistic sense, did indeed motivate the adoption of the 1955 law. Second, and important for my argument here, the generation of resources was again a primary argument presented in favor of the law: “Given the enormous amount of money that the social insurance system will accumulate after a while, the social insurance fund will become a powerful source of money that the government can rely on to finance social reforms and economic development projects” (Egyptian National Archives 1955). Taken together, both notes demonstrate that the idea to implement social policies to fund social policies was not something the regime "discovered" along the way. On the contrary, the generation of resources was a central motivation behind the social insurance legislation.

Ample borrowing from Egypt's social insurance funds by the state since 1952 demonstrates the importance of social policies as an income-generating mechanism. At the height of war preparation in 1971 to 1972, the government covered over two-thirds of all expenditures from the social security fund. The average between 1960 and 1976 was 42 percent. Borrowing continued through the 1980s and 1990s when state owned enterprises started to use the social insurance funds to access cheap loans. Since 1993, surpluses from the work accident insurance have been used to cover resulting deficits in Egypt's health insurance fund. Crucially, until the late 1990s, borrowing occurred at interest rates consistently below inflation, which effectively amounted to an expropriation of savings.

Looking at social insurance as a mechanism of revenue generation can also explain why extensions of social security coverage have frequently occurred during moments of acute balance of payments problems, such as the early 1990s, when university students were allowed to join the health insurance scheme for a reduced fee (4 EGP per month). By increasing domestic saving and curbing consumption, Egyptian governments have used coverage extension of the social security scheme to counter-balance current account problems. And in fact, when running a simple logit regression on the timing of coverage extensions in Egypt, these seem to be systematically correlated with falling foreign currency reserves (data from IMF 2015) as shown in Figure 2. The figure highlights the growing likelihood of coverage extension as reserves start to shrink, which is indicated by the increasing slope of the graph left of the zero line. It is interesting to note that the envisaged extension of social security by President Sisi occurs in a similar context.

Conversely, coverage extensions of social security that are not revenue-generating, at least in the short term, have been very difficult to implement. The primary example in this context is the envisaged introduction of a universal health insurance scheme under Mubarak in the late 2000s (see also Loewe and El-Meehy in this issue). As many lower-income groups would have been unable to pay for their premiums, the Egyptian state would have had to shoulder an additional cost of at least 17 billion EGP, nearly twice the size of the country's health budget of 10 billion EGP in the late Mubarak period. As former Health Minister Tag Eddin clearly states: “Money was the key issue in the failure of the health insurance reform [...] Our budget was never enough and our spending lower than needed. [...] In the drafting of the budget, the Ministry of Finance would only ever give us the ‘leftovers’” (personal interview). This explanation thus complements the narratives on health insurance reform in Loewe's and El-Meehy's contributions. Given these historical patterns and the fact that the structural

![Figure 2: Predicted probability of extension of social security coverage](image)

*Note: Whiskers indicate 95-percent confidence interval.*
constraints weighing on President Sisi are essentially the
same as those of his predecessors, with ongoing pressure
from the IMF to reduce spending, the recent decision to
introduce universal health insurance should be viewed with
cautions: as Loewe points out, the envisaged implementation
period of 15 years, governorate by governorate, is extremely
long, allowing for policy slippage and backtracking along
the way.

**Broader implications**

This analysis has underlined the historical constraints
weighing on social policies in post-1952 Egypt and how
this led to the implementation of cheap social policies.
I also pointed out that the logic of cheap social policies
keeps structuring important trends in current social
policies and thus proves to be a useful analytical category
to understand the Egyptian case. Beyond Egypt, the
concept also adds potential value.

Although it is true that social policies do not always serve
social policy goals, a specificity of cheap social policies is
that they are designed to generate financial resources for
the regime rather than distribute them while, at the same
time, serving ulterior political goals of regime maintenance.
Further, the concept offers a theoretical mechanism to
understand how inter-state war and external threats have
shaped social policies in the Middle East, potentially
developing countries writ large, where the fiscal base for
redistributive taxation cannot be easily extended due to
institutional constraints. The durable “conscripton of
wealth” (Scheve and Stasavage 2010) has therefore been
an elusive notion for many developing countries, which
have frequently relied on one-off expropriations and
nationalizations to serve their distributive goals (see also
Albertus 2015). It should be pointed out that, in theory,
regimes’ distributive ability could be undermined by other
factors (e.g. devastation from disasters, debt burdens,
etc.). That said, a key characteristic of external threats,
particularly in the Middle East, is that they have been long-
lasting and thus exerted permanent pressure on government
budgets. There is, in my view, not many other macro-
political variables with an equally constraining effect.

Finally, the concept could be easily extended to take into
account other forms of “cheap” social policies. For example,
forbearance or non-enforcement in the context of social
policies could be additional rent-generating mechanisms
that, albeit meaningful and beneficial for target groups, do
not aggravate the fiscal burden on the state budget. The
exploration of such mechanisms and the circumstances
under which they are implemented promises to yield
important insights into social policy making in the Middle
East and beyond.

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The Political of Land Reform*. Kindle Edi. Cambridge:
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Baghdadi* [Memoirs of Abdelatif Baghdadi]. Cairo: Al-
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Who welcomes refugees to the public purse?
Evidence from a survey in Turkey

Anna Getmansky, London School of Economics and Political Science, Tolga Sunnazdemir, Bogazici University, and Thomas Zeitzoff, American University

Introduction

The Syrian civil war has forced more than 5.5 million people to flee their country. The great majority of those who left Syria have settled in neighboring countries. Among these neighboring countries, Turkey hosts the largest number of Syrians, with about 3.5 million Syrians currently residing there. As of June 2018, there are 20 camps hosting Syrian refugees, mostly in Turkish provinces bordering Syria. These camps are run and financed by the Turkish government, and they provide refugees with services in education and health. However, only a very small share (about 6 percent) of Syrians resides in these camps. The rest lives outside camps, in poor urban neighborhoods of Turkey, side by side with the local communities. Most of these out-of-camp Syrians are in need of social protection (Erdoğan, 2017).

Turkey has adopted a number of social policies to assist Syrians. Syrians who are registered with Turkish authorities have access to free primary, secondary, and tertiary healthcare in public hospitals of the provinces in which they are registered. Syrian children’s access to public education is limited but has been expanding. There are about one million school-aged Syrian children in Turkey. In the 2017 to 2018 academic year, close to 60 percent of these children have received education, with about 35 percent taught in Turkish public schools free of charge (Erdoğan, 2017). The rest received education in “temporary education centers,” whose language of instruction is Arabic. These centers are run by NGOs in collaboration with the Turkish Ministry of Education and receive their funding from a mix of organizations, including NGOs, municipal governments, and the Ministry of Education (Aras and Yasun, 2016). Turkey is in the process of phasing out these centers and integrating all Syrian children into the Turkish public education system (International Crisis Group, 2018). The financial costs of Syrians’ education for the Turkish taxpayers should therefore be expected to increase accordingly.

About a million Syrians in Turkey work in the informal sector, for wages below the minimum wage, without any social insurance (Erdoğan, 2017). In 2016, the Turkish state started to grant work permits for Syrians. Although the number of those with work permits was only about 20,000 at the end of 2017, those with permits become eligible for social security benefits as the Turkish employees in the formal sector.

Recently, two new schemes of social assistance programs for Syrians have been put in effect. One is the Emergency Social Safety Net, which started in 2016 and provides cash support to eligible Syrian families. The second is the Conditional Cash Transfer for Education Scheme, which started in 2017 and provides cash assistance to Syrian families whose children attend school regularly. Although not financed by the Turkish government, these programs have exacerbated the discontent among Turkish citizens that the Syrians live on assistance by the Turkish state at the expense of locals (International Crisis Group, 2018).

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1 We appreciate the feedback we received from the participants of the Project on Middle East Political Science Workshop (POMEPS) on April 20, 2018 in Cambridge, MA.
2 The numbers of registered Syrians in Turkey as of June 7th 2018 are available at http://www.goc.gov.tr/icerik6/gecici-koruma_363_378_4713_icerik
3 The number of Syrians in these camps and their locations are available at https://www.afad.gov.tr/upload/Node/2374/files/18_06_2018_Suriye_GBM_Bilgi_Notu.pdf
4 http://multeciler.org.tr/turkiyede-calisma-izni-verilen-suriyeli-sayisi/
While there is evidence of Turkish citizens’ discontent with public assistance to Syrians, there is very little systematic research on the determinants of this discontent. Which groups among the local Turkish population are more or less supportive of assistance to Syrian refugees? To answer this question, we conducted a survey among Turkish citizens in the summer of 2014.

Data and Research Design

Sampling

Figure 1 shows the geographic distribution of our survey sample. Our sample consists of respondents from 33 districts in 17 provinces. The white areas represent our sampling frame, and the districts with dark borders are those where our survey took place. Our survey involved respondents from a diverse set of districts according to three factors: refugee presence, whether a district was under state of emergency rule (called OHAL by its Turkish acronym) during the clashes between Turkish state and the Kurdish insurgency PKK between 1987 to 2002, and support for the incumbent AKP political party. The list of the provinces, districts, and the number of respondents in each district is in Table 3 in the Appendix.

We surveyed 1,257 respondents. Summary statistics of the variables included in the analysis are shown in Table 1. In regressions not reported here, we show that having a refugee camp in the district and being an urban resident are positively associated with the self-reported refugee exposure of our respondents in the survey. Hence, our measure of refugee exposure is valid.

Figure 1: Map of the Sampled Districts

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5 A more detailed description of the survey, including the design, sampling, and the instrument is available in Getmansky, Sinmazdemir, Zeitzoff (2018).
6 Turkey is a unitary state divided into 81 provinces. Each province is composed of districts.
7 The survey included an experiment designed to test the impact of messages about refugees on respondents’ attitudes towards the refugees as well as Turkish domestic policy and foreign policy. None of these messages had a significant impact on support for public assistance to Syrians.
Table 1: Summary Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
<th>N</th>
</tr>
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<td>1</td>
<td>1160</td>
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<td></td>
<td></td>
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Wealth, Religious, and Refugee Exposure are factor variables created using the components listed below each of them. The differences in the number of respondents are due to missing values.

**Dependent variables**

Our main dependent variables are support for public assistance to Syrian refugees in health, education, housing, and employment. Figure 2 shows that more than 50 percent of our respondents supported assisting Syrian refugees in health, while close to 50 percent supported assistance in education. However, only about 35 percent supported assisting Syrians in employment and housing.

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8 The exact wording of the question is “Do you agree or disagree that the Syrians use services in health, education, housing, and employment paid by the Turkish state?”
Figure 2: Responses to the Dependent Variables Questions

The plots represent the answers to our four questions on public assistance for Syrians in health, education, employment and housing. The answers range from strongly opposing assistance to strongly supporting it.

Results

Table 3 presents the results of four OLS regressions. Respondents from former OHAL provinces that have suffered the most from the Turkish-Kurdish conflict are more supportive of public assistance to Syrians in health, education, housing, and employment. A growing body of research shows that individuals exposed to violence exhibit more cooperative and altruistic behavior, especially towards in-group members (Bauer et al., 2016). Our results show that exposure to violence can be associated with improved altruism also towards out-group members, such as refugees. These findings are also consistent with our previous research based on the same survey, which shows that Turkish respondents from former OHAL provinces have more positive attitudes towards various groups of Syrian refugees, regardless of the refugees’ ethnic or sectarian identity (Getmansky, Sinmazdemir, Zeitzoff, 2018).

Table 2: Determinants of Support for Public Assistance to Syrian Refugees

<table>
<thead>
<tr>
<th></th>
<th>Health</th>
<th>Education</th>
<th>Housing</th>
<th>Employment</th>
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<tr>
<td>OHAL province</td>
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<td>0.320***</td>
<td>0.171*</td>
<td>0.234**</td>
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<td></td>
<td>(0.089)</td>
<td>(0.091)</td>
<td>(0.093)</td>
<td>(0.091)</td>
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<tr>
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<td>0.097***</td>
<td>0.092***</td>
<td>0.099***</td>
</tr>
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<td>(0.031)</td>
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<td>(0.023)</td>
<td>(0.023)</td>
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Dependent variable is support for public assistance to Syrian refugees in health (column 1), education (column 2), housing (column 3), employment (column 4). All regressions include province dummies. Standard errors in parentheses. Significance: * 10%, ** 5%, *** 1%.

A potential concern with this result is that our measure of political violence at the province-level (OHAL) is too coarse. We also estimate our model using the province-level PKK fatalities data in Tezcur (2015). In regressions not reported here, we show that respondents from provinces with higher number of PKK fatalities continued to support public assistance to Syrians in all four areas.

Looking at the impact of the rest of the variables, respondents who have more frequent interaction with refugees reported lower support for assistance and, in the case of health, significantly so. But because refugee exposure is a self-reported measure, we are uncertain whether it is the refugee exposure that leads to lower support or those who oppose support are more likely to notice refugees and report interacting with them.

Kurdish respondents were also more supportive of public assistance to Syrians in health, housing and employment. However, Kurdish respondents were not more supportive of public assistance in education. One plausible explanation is that the Kurds may have interpreted this question as permission by the Turkish state for Syrians’ education in their native language of Arabic in temporary education centers. Kurds in Turkey have long demanded education in Kurdish language (Yeğen, 2015, 13). Therefore, they may have interpreted the possibility of Syrians receiving education in Arabic as a double standard of the government, which does not permit education in Kurdish in Turkish public schools (Kirişçi, 2014, 25).

Across all four different sectors of assistance, AKP supporters were more supportive of public assistance to Syrians, while CHP supporters were less supportive. Leading members of the AKP government have repeatedly referred to their “open-door” policy towards the Syrian refugees as a humanitarian duty to assist those fleeing from the violence of a cruel regime.9 CHP leadership has been more critical of the Syrians and called for sending Syrian refugees back as part of election promises.10 Our results indicate that the views of the voters are strongly aligned with the announced policy positions of their party.

Conclusion

This memo examines Turkish citizens’ attitudes towards social policies for Syrian refugees with a survey conducted in 2014. Turkey is estimated to have spent 30 billion dollars on assisting Syrians, with health and education the two largest expenditures.11 Social policies in these areas include free

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healthcare services in public hospitals and free education in public schools. The results of our survey show that respondents from conflict-affected areas of Turkey exhibit greater support for assisting Syrians in health and education. One plausible explanation of this finding is that locals exposed to political violence in the past are more likely to sympathize with Syrian refugees who are also fleeing from political violence. In addition, AKP supporters and minority Kurds are more likely to support assisting Syrians. Our findings imply that segments of host societies can display altruism towards refugees even when such altruism implies a significant drain on public resources and potentially has significant economic costs for the host society.

References


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<th>Camp in province</th>
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Coalitional politics of housing policy in AKP’s Turkey

Mert Arslanalp, Boğaziçi University

Introduction

Housing policy is one of the important yet understudied arenas of social policy in the Middle East and elsewhere. It deserves more attention not only because housing is globally an inadequately met fundamental human need that anchors social life but also because of the crucial political conflicts that arise from its dual nature as a social policy arena on the one hand and as a means for economic growth and accumulation on the other. This was even the case in the heyday of advanced welfare states (Harloe 1995) but it is more so today when housing has transformed into a highly globalized and financialized economic sector (Harvey 2012; Rolnik 2013).

Turkish housing policy has experienced major transformations under the rule of Justice and Development Party (AKP) over the last 16 years. This radical policy change, among other things, has expanded the state’s participation in the production of housing at an unprecedented scale and initiated an equally unprecedented urban redevelopment agenda that targets informal settlements (gecekondu neighborhoods). A critical urban sociological scholarship located these new policies in the neoliberal transformations of capital accumulation in Turkey and examined how they generated new forms of displacement, inequality, and segregation particularly in Istanbul (Keyder, 2005; Bartu and Kolluoğlu 2008; Karaman, 2008; Kuyucu and Ünsal, 2010; Lovering and Türkmen, 2011; Türkün 2014; Kuyucu 2014). Another set of studies grounded in political science explored the ways in which the AKP has utilized this new housing policy to develop political support among business and popular sectors (Buğra and Savaşkan 2014; Marschall et al. 2016; Gürakar 2016; Esen and Gumuscu 2017; Ocakli 2017; Demiralp 2018). Although these two streams of research capture the many aspects of this pre-AKP to AKP era change, the, subsequent modifications in AKP’s housing policy since its launch in 2003 have not received sufficient attention. Yet AKP’s housing policies, particularly its urban redevelopment pillar, have been far from static in terms of policy design and implementation.

This essay develops a preliminary coalitional analysis to explain the changes and the continuities in AKP’s housing policies. It argues that we must understand the shifts in AKP’s housing policies as efforts to politically govern the tensions that the original policy design generated in its social coalition. Drawing on Gibson’s territorial lens toward populist coalitions in Latin America (1997; 2000), I unpack AKP’s social coalition into its peripheral and metropolitan components. The former, consisting of both business and popular sectors in provinces outside Istanbul and Ankara, has benefited from the new affordable housing projects, which were at least partially financed by redeveloping Istanbul’s land stock via public-private partnerships. These partnerships also transferred immense rents to Istanbul-based big construction business in AKP’s metropolitan coalition. While satisfying these three groups in its social coalition, the new policies, however, ran the risk of severing the long-established ties between the party and its popular base in Istanbul’s gecekondu neighborhoods to the extent that plans for redeveloping their lands threatened them with displacement, long-term indebtedness, loss of community, and anticipated loss of property ownership. Such grassroots discontent generated contentious and legal mobilization at the local level and manifested itself during the 2009 local elections. The result has been continuous modifications in urban redevelopment policies to manage these tensions in AKP’s

1 I thank Şehrazat Gülsüm Mart for her meticulous research assistance and the participants of POMEPS Social Policy Workshop for their insightful comments on the earlier versions of this paper.

metropolitan coalition. Consequently, most consolidated gecekondu neighborhoods in Istanbul succeeded to remain in place 15 years after the authorities first pledged to eradicate and redevelop them. This research memo, thus, argues that Istanbul’s popular sectors have been able to influence the housing policy outcomes more than often assumed despite an increasingly authoritarian regime, which has centralized urban governance and prioritized construction as an engine of economic growth.

AKP’s new housing policy

Shortly after getting elected to office in November 2002, the nascent AKP government initiated a radical transformation of the Turkish housing policy. One of the most important changes under the AKP has been the direct provision of housing by the state at an unprecedented scale. The public sector’s direct contribution to housing supply had been historically very meager (Buğra 1998; Özdemir 2011). For example, Mass Housing Agency (TOKI), a public agency directly connected to the office of the prime minister, only produced 43,415 units between its foundation in 1984 and 2002 and primarily served as a provider of inexpensive housing credits (Bayraktar 2006: 172; Perouse, 2013: 82). In stark contrast, a restructured TOKI has initiated or completed building at least 613,274 units between 2003 and March 2018. Additionally, Emlak GYO, TOKI’s subsidiary real-estate investment trust, has initiated or completed 105,236 units in upscale real-estate projects predominantly built on public lands that are under TOKI’s possession, while Istanbul Metropolitan Municipality’s construction firm, KIPTAS, produced 75,000 units.

Unlike the Western social rental housing programs of the postwar era, the public sector in Turkey produces houses only for sale. Although TOKI categorizes 82 percent of its housing production as social housing, even a generous calculation that considers the units sold under the categories of low-income, post-disaster, rural, and urban transformation housing projects as low-income housing reveals that the majority of these units cater not to the poorest sectors. Instead, in the 2000s, the public sector produced affordable housing primarily for households that range from lower-middle income to upper-middle income if not for the highest segments as in the case of for-profit revenue-sharing projects.

Table 1: TOKI’s housing projects (2003-2018)

<table>
<thead>
<tr>
<th>Housing Project Category</th>
<th>Number of Units</th>
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</thead>
<tbody>
<tr>
<td>Low income</td>
<td>42,847</td>
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<td>Middle income</td>
<td>405,918</td>
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<tr>
<td>Post-disaster</td>
<td>30,910</td>
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<tr>
<td>Rural</td>
<td>6,223</td>
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<tr>
<td>Urban transformation</td>
<td>102,580</td>
</tr>
<tr>
<td>Profit-oriented revenue sharing</td>
<td>24,796 + 105,236 (Emlak GYO)</td>
</tr>
<tr>
<td>Total</td>
<td>718,510 (including Emlak GYO)</td>
</tr>
</tbody>
</table>

Calculated by the author based on data from TOKI website (March 2018).

The second key feature of AKP’s new housing policy was its departure from the long-established policy of tolerating and partially regularizing informal settlements via exceptional measures such as development amnesty laws (Buğra 1998; Arslanalp 2015). As part of its “urban transformation” agenda, which originally meant the renewal/redevelopment of the physically dilapidated existing building stock but today signifies almost any urban spatial intervention, the new government criminalized gecekondu construction and enacted series of laws that permitted local and central authorities to implement

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3 Calculated by the author based on figures compiled from TOKI’s website.
4 Emlak GYO figures are calculated based on the information provided by Emlak GYO website and 2017 activity report. Information on the number of units is missing in 18 projects out of 104.
5 Many urban sociologists noted that the payment terms and unit prices of even low-income housing category disqualifies poorest strata (Bartu and Kolluoğlu 2008; Perouse 2013; Kuyucu 2014; Erman 2017)
urban transformation projects (UTP). As Erdoğan Bayraktar, former head of TOKI (2003-2011), explained in his book, the initial policy design of the UTPs entailed the demolition of gecekondu and dilapidated historic neighborhoods, the relocation of their “entitled” residents to TOKI’s housing units in metropolitan outskirts under long-term subsidized mortgage arrangements, and the redevelopment of the vacated lands via for-profit projects based on public-private partnerships.

These two pillars of the new housing policy, authorities argued, together promised a virtuous cycle that would boost growth and employment by revitalizing the construction sector, creating physically upgraded and properly planned cities without informal substandard housing, and expanding the supply of affordable formal housing while maintaining the budgetary discipline that the IMF stand-by agreements imposed after the 2001 economic crisis (see Bayraktar 2006; TOKI 2011). The latter is premised on a self-financing model in which TOKI uses the vast public land holdings it acquires to build and finance its housing projects. Its affordable housing projects, built on public lands, rest on a long-term payment model by new homeowners but are also partially financed by the revenues that TOKI accrues from its profit-oriented projects, including the ones on former gecekondu lands. This has also been how the officials publicly justify the construction of luxury housing projects on public lands that generate immense rents for the private developers.

Table 2: Construction sector indicators during the AKP era (2002-2017)

<table>
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<tr>
<th>Year</th>
<th>New Units in Turkey</th>
<th>GDP Growth Rate (%)</th>
<th>Construction Sector Growth Rate (%)</th>
<th>Construction Sector Share (%)</th>
<th>Real-estate Activities Share (%)</th>
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Source: Turkish Statistics Institute (TUIK)

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6 See Law no. 5216, 5393, 5366, 5609, 5783. 5216 and 5393 authorized the metropolitan and district municipalities, respectively, to undertake urban transformation projects. 5366 granted the district municipalities the authority to implement restoration or renewal projects in protection zones. 5609 and 5783 granted authority to TOKİ to implement urban transformation and gecekondu transformation projects.

7 For an example, see Protocol on Istanbul Maltepe Başbüyük Urban Renewal Project signed on February 24, 2006.

8 Although a nationwide list of urban transformation projects initiated by local or national authorities is lacking. TOKI’s website lists 200 projects across Turkey, which does not enumerate the number of neighborhoods transformed but rather the number of housing projects constructed by TOKI within the framework of urban transformation.

9 As a result of its restructuring, TOKI gained control over the sale and zoning of almost all state-owned lands (see law no.5273) which expanded its land holdings tenfold from 16,5 million square meter to 165 million square (Bayraktar, 2006: 206).
Coalitional dynamics of AKP’s housing policy

As part of a broader set of policies and decisions, AKP’s housing policy successfully turned construction into one of the major engines of economic growth in Turkey as indicated in Table 2. Istanbul became the epicenter of this construction boom, which eventually spread across the country. Besides its contribution to overall macro-economic growth and employment, the new housing policy was explicitly conceived as a policy tool that would serve multiple goals reflecting housing policies’ dual character as a social policy arena and as an instrument of economic development. It sought to cater to and reconcile distinct interests in AKP’s social coalition, which must be unpacked to understand the original design of this policy and its subsequent transformations.

The AKP inherited and expanded a social coalition first forged under the Welfare Party (RP) in the 1990s. Unlike its predecessors, the RP successfully expanded the Islamist movement’s social base from peripheral Anatolian provinces to Istanbul and Ankara and built a coalition with support from both provincial business interests and metropolitan urban poor. The latter was a major voter bloc in the RP’s successful capture of Ankara and Istanbul metropolitan municipalities in 1994 and its national electoral victory in 1995 (see Gülalp 2001; Tuğal 2009; Eligür 2010). The AKP dramatically expanded each territorial component of this social coalition. In the periphery, it developed a strong cross-class coalition manifested by the repeated electoral pluralities and majorities it has captured in those provinces, which contributed to its uninterrupted legislative majorities.10 Meanwhile, it has maintained and further nurtured its strong ties to local business networks (Gumuscu 2010; Buğra and Savaşkan 2012).

Over the course of 16 years, the AKP consistently received high electoral pluralities in Turkey’s two most important metropolitan centers, Istanbul and Ankara. Although it enjoyed cross-class appeal, the party’s following has been greater among the popular sectors, many of whom live in consolidated gecekondu neighborhoods (Tuğal 2009; Eligür 2010; Sayarı 2014). It would, however, be wrong to consider the metropolitan coalition only in terms of electoral constituencies. As Gibson underlines, members of metropolitan coalitions shape the content of policies, ensure their viability, and are indispensable for maintaining governability (Gibson 1996: 342). In contrast to the previous Islamist parties, the AKP also received public and private support from Istanbul-based big business, particularly in its first two terms. Since then, the representatives of big business have refrained from publicly challenging it. More importantly, the party nurtured symbiotic relationships with individual business groups via the distribution of public resources in exchange for increasing control over the private media space via pro-government businessmen, informal campaign contributions, and in-kind donations distributed by the party or party-controlled municipalities or civil society organizations (Esen and Gumuscu 2017; Eder 2009).

Housing policy has been one of the tools AKP utilized to develop, foster, and preserve this social coalition. I argue that TOKI’s affordable housing program primarily benefits the party’s peripheral coalition by: (1) providing opportunities for homeownership among provincial middle classes and, to a lesser extent, lower income populations, and (2) transferring resources to small and medium size contractors in local business networks via public procurements to execute TOKI projects. Construction activity also generates employment in these provinces. Existing research suggested some evidence both for the significance of TOKI investments in AKP’s electoral support (Marshall et al. 2016) and in its success in nurturing pro-government businessmen (Buğra and Savaşkan 2014; Gürakar 2016; Esen and Gumuscu 2017; Demiralp 2018).

10 AKP captured the plurality of the votes in 56 out of 81 provinces in 2002, 2007, and 2011 national elections consecutively and received more than 50 percent of the votes on average in 32 provinces and more than 30 percent of the votes on average in 69 provinces (Cinar 2016). During June 2015 election, when it received its lowest national vote share since 2002, AKP still enjoyed pluralities in 56 provinces and majorities in 28 provinces. On November 2015 snap elections, the party got plurality of the votes in 57 provinces and majority of the votes in 38 provinces.
The territorial distribution of different types of TOKI projects provides further evidence for this point. To date, TOKI has initiated a total of 2849 projects across Istanbul, Ankara, and the rest of the provinces with some 206, 268, and 2375 in each respectively. The majority of TOKI’s affordable housing projects are concentrated in the peripheral provinces. While Ankara has also received a high share in proportion to its population, Istanbul’s share of the affordable housing lagged significantly behind (see Table 3). This pattern becomes even more explicit when we look at low-income and urban transformation housing projects that target lower-income groups. TOKI constructed 108,946 units out of 145,427 units in the peripheral provinces while constructing only 9,403 units in Istanbul.

Unlike the peripheral provinces, the state’s housing policy towards Istanbul primarily targeted the maximization of the land values via public-private partnerships. This is observable in the territorial distribution of TOKI’s for-profit revenue sharing projects. 19,195 of 24,796 units produced under this program are located in Istanbul, amounting to total project costs of 2,610,606,568 TL. Additionally, 79 of Emlak GYO’s 104 revenue-sharing upscale real-estate projects are located in Istanbul, while the majority of 75,000 units KIPTAS constructed across Istanbul are also for-profit projects catering to middle and upper classes (see KIPTAS website). Excluded from these figures are those urban transformation projects, such as the Tarlabası project in Beyoğlu, implemented by municipal authorities in partnership with private developers (Kuyucu and Unsal 2010; Sakızlioğlu 2014). These figures also do not take into consideration the zoning decisions that privilege developers, often by violating urban planning codes.

This landscape of investments sheds light on the extent to which the economic logic of rent-maximization has been guiding the housing policy in Istanbul. Such projects primarily satisfy the major business interests in AKP’s metropolitan coalition. They create opportunities for corruption as a major scandal in 2013-2014 revealed (Financial Times 2014). To the extent that revenues raised by such projects are used to fund affordable housing programs in peripheral provinces, they also satisfy the interests of the peripheral coalition.

The original design of the urban redevelopment policy, however, created tensions among the metropolitan popular sectors, another sector in the party’s metropolitan coalition. As described earlier, the urban redevelopment policy’s objective was to clear the centrally located gecekondu neighborhoods, relocate their residents to housing projects in the outskirts, and redevelop the lands via public-private partnerships. The Ayazma-Tepeüstü neighborhood, which was demolished between 2006 and 2008 and later redeveloped as Ağaöglu My World Europe residential project, is one such example. However, many other initial attempts triggered strong reactions from neighborhood residents, who neither wanted to be displaced nor indebted, and instead demanded in-situ regularization. One of the first TOKI-driven

### Table 3: Territorial distribution of TOKI’s affordable housing projects

<table>
<thead>
<tr>
<th></th>
<th>Number of units</th>
<th>Total project costs (TL)</th>
<th>Population (2017)</th>
<th>Per-capita project costs (TL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Istanbul</td>
<td>49,819</td>
<td>3,035,859,295</td>
<td>15,029,231</td>
<td>202</td>
</tr>
<tr>
<td>Ankara</td>
<td>80,084</td>
<td>5,645,379,022</td>
<td>5,445,026</td>
<td>1037</td>
</tr>
<tr>
<td>Periphery</td>
<td>458,585</td>
<td>28,731,907,316</td>
<td>60,336,268</td>
<td>476</td>
</tr>
</tbody>
</table>

*Calculated by the author based on data from TOKI website (March 2018).* 20474257

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11 Calculated by the author based on data provided on TOKI’s website (March 2018).

12 Emlak GYO made 7,790,900,000.00 TL profit in total between 2010 and 2017 (Emlak GYO 2017).
urban transformation projects in Istanbul, Başbüyük transformation project, was initially revised and then halted after Başbüyük’s pro-AKP community resisted the project between 2006 and 2009 (Kuyucu and Unsal 2010; Karaman 2014; Arslanalp 2015). Other attempts by IBB or public and private actors in the neighborhoods of Maltepe, Kartal, and Sarıyer also faced strong backlash from residents who organized under local associations, developed connections to other neighborhoods and NGOs, and utilized institutional and extra-institutional tactics (Lovering and Turkmen 2011; Türkün et al. 2014; Arslanalp 2015). Even in neighborhoods where authorities advanced or completed the projects, as in Ayazma, Sulukule or Tarlabası, opposition to projects incurred delays, monetary concessions or reputational costs (Kuyucu and Unsal 2010; Kuyucu 2014; Karaman 2014). Perhaps most importantly, in the Maltepe, Kartal, and Sarıyer municipalities, where the question of urban transformation was hotly contested, AKP lost in 2009 municipal elections to CHP. AKP’s new housing policy seemed to have generated rifts in its metropolitan electoral coalition by disgruntling the low-income gecekondu populations.

Policy revisions

These grassroots challenges to the urban transformation component of AKP’s housing policy elicited three kinds of revisions from the government. First, the government made ad-hoc discretionary revisions in certain project terms to accommodate local demands and defuse conflict. In Başbüyük, for example, authorities created new compensation categories for title allotment holders, allowed residents with multiple gecekondu units to be eligible for TOKI units, and turned the project into an in-situ transformation project by building the TOKI units on an empty lot in the neighborhood. Such revisions facilitated the completion of the first stage of the project by making it economically and socially more feasible. However, TOKI nevertheless refrained from initiating the subsequent stages of the project after the CHP took over Maltepe Municipality (Arslanalp 2015). In other cases, like the Ayazma or Kuzey Ankara projects, scholars also found that the authorities discretionarily adjusted the calculations of demolition compensation, postponed the monthly payments of those who failed to pay on time, or relaxed the original restrictions regarding the sale of TOKI units by their inhabitants (Kuyucu 2014; Erman 2016).

A more fundamental policy revision concerned the replacement of demolition-relocation scheme with the principle of in-situ transformation (yerinde dönüşüm). The principle of in-situ transformation implies that “entitled” residents are promised to own units in new buildings that would be built in place of their old neighborhood. In economic terms, it meant that the authorities were now open to sharing part of the economic value that would be generated by redevelopment with at least some of the residents of the transformation zones. Perhaps, the best example to this framework is the Fikirtepe urban transformation project initiated by the IBB in 2011. Instead of directly involving the state as the redeveloper, the municipality designed a transformation project in which the private contractors could directly negotiate with the residents within a zoning framework that incentivizes the maximization of building heights on large subdivisions (Ozdemir and Aydin 2016). Versions of private contractor driven in-situ transformations projects have also been proposed for other neighborhoods in Maltepe, Kartal, and Sarıyer.

A third set of revisions entailed the legal changes that the government enacted to bypass actual and potential challenges from grassroots organization and opposition-governed municipalities. In 2010, the government eliminated the authority of district municipalities to declare transformation zones and concentrated it in metropolitan municipalities. In 2012, the so-called

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13 While accommodating the interests of particularly those locals who have houses on large plots or on plots with strategic locations, this design gave up on the basic requirements of planned urbanization. More importantly, the creation of a market in which dozens of contractors and middle men bargain with thousands of residents caused major delays that are still continuing. For an example see http://www.hurriyet.com.tr/gundem/fikirtepede-isyana-baskan-ozhasekiden-yardim-istediler-40652649
“disaster law” (no. 6306) empowered the recently founded Ministry of Urbanism with authority to declare “risky zones,” which stipulate exceptional powers of redevelopment that even limits individual property rights (see Kuyucu 2017). Despite these powers, a series of risky zone decisions were contested in court by neighborhood associations with favorable decisions (i.e. Derbent, Gaziosmanpaşa). Given the current state of rule of law in Turkey, one could posit that the government has not advanced major redevelopment projects in gecekondu areas because of the high political costs of non-consensual projects targeting AKP’s core constituencies in the post-Gezi context. In contrast to the initial ambitions of policy-makers, most gecekondu neighborhoods in Istanbul have remained in place 16 years into AKP rule despite an increasingly authoritarian regime, albeit under great pressure and with less security. During this period, gecekondu residents successfully lobbied the national parliament in 2015 and 2018 to postpone the annulment of the law 2981, a gecekondu amnesty law enacted in 1984.14 Ahead of the June 2018 snap elections, AKP even passed a new development amnesty law reminiscent of law 2918 with the promise of formalizing irregular and informal housing yet without relinquishing the goal of urban redevelopment.15

Failure to quickly advance the redevelopment of the gecekondu neighborhoods as anticipated is likely one of the reasons why the uninhabited public lands at Istanbul’s metropolitan outskirts have become the location for TOKI’s upscale projects than the affordable housing projects that would host displaced gecekondu residents as initially envisaged. In the central areas, development often targets remaining public assets reserved as gathering places for disasters, public parks, military zones, schools, and even hospitals. As available public lands are depleted, however, maintaining the construction spree in Istanbul will increasingly demand the development of the northern forest zones. Three mega-projects (a third airport, a third bridge, and Canal Istanbul) initiated by the government carry the potential (or are planned) to trigger development in these zones, posing grave threats to Istanbul’s ecology (Paker 2017).

Conclusion

In this research memo, I have emphasized the role of political agency in policy change by interpreting the changes in AKP’s housing policies as balancing acts to manage the tensions in its social coalition across class and territorial lines. Besides depicting a more dynamic picture of an important policy arena, such an approach can also provide a more integrated explanation of housing policy by bringing together the insights of two streams of scholarship that I mentioned in the introduction. One of the conclusions of this preliminary analysis is that Istanbul’s gecekondu populations have been more successful in protecting their core interests than is often recognized in the literature on urban redevelopment. These limits to radical policy change under an increasingly authoritarian regime are also shared by other memos in this volume. Even in authoritarian regimes that are politically much less competitive, regimes often fail to advance dramatic policy changes and concerns in part due to declining popular support for the regime. Besides highlighting the enduring relevance of popular support in authoritarian politics, such concessions or setbacks also expose the policy arenas that constitute the soft belly of these regimes, waiting to be successfully politicized by regime opponents.

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15 See law no. 7143 (2018).


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State capacity and the social impact of energy subsidies reforms in Jordan and Iran
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Energy subsidies have long been used as a social policy instrument to alleviate poverty and facilitate easy access to energy products. However, despite providing direct benefits for the poor, energy subsidies are generally considered an inequitable redistribution tool that disproportionally benefit the better off. Nonetheless, the phasing out of energy subsidies is usually expected to have its greatest adverse impact on low-income households. This is largely due to the consequential inflationary increase in prices that these reforms bring in their wake and the inability of poorer households to adjust their consumption of basic food and energy products in the face of inflation. Typically, an increase in the price of energy products is predicted to have a two-fold effect: a direct effect, caused by the increase in energy prices and an indirect effect, as a result of the inflationary increase in the prices of other goods and services, for which energy is used as a production input (Allenye, 2013).

In this memo, I compare the cases of Jordan and Iran, which have each embarked on recent energy subsidies reform plans. I argue that the elimination of energy subsidies in countries of weak-to-average institutional capacity can have unexpected, long-term socio-economic repercussions. This is especially the case in the Middle East and North Africa (MENA), where about 48 percent of the global energy subsidies exist (IMF, 2014). This is, in part, due to the scale of existing social safety nets (SSNs), that cannot buffer the immediate social cost of higher tariffs imposed on low-income households as a result of increasing energy prices. Silva et al. (2013) report that non-subsidy SSN transfers in the Middle East constitute less than a quarter of the bottom income quintile’s welfare. In addition, the cost of social protection programs is significant, especially in countries of low administrative capacity and high poverty incidence where identifying the poor in any bureaucratically effective way would be challenging.

The cases: Jordan and Iran

Jordan and Iran belong to different political regime types, but they share a number of similarities, which allow for an intriguing comparative analysis. Prior to reforms, the two countries scored relatively similarly in measures of government effectiveness and fiscal capacity, the key explanatory variables of interest. This enables us to examine whether or not a lack of state capacity, measured in that context, would limit governments’ ability to reform energy subsidies in a socially compensatory way, one that can simultaneously protect the economic interest of low and middle-income households.

The Jordanian and Iranian governments were each characterized as having average administrative capacity at the outset of their individual subsidy reforms, which began in 2005 and 2010 respectively. According to World Governance Indicators (WGI), Jordan scored 57 percent in measures of government effectiveness in 2005 and Iran scored an average of 41 percent in 2011. These rankings indicate public officials limited capacity to implement and commit to reforms. In the economic sphere, both countries had to phase out subsidies on energy products in order to deal with a series of financial pitfalls. Jordan does not have oil fields for domestic use and has to instead rely on sizeable imported subsidized energy from Saudi Arabia and Iraq (Lasensky 2006). Since the 2003 toppling of Saddam Hussein in Iraq, Gulf countries started to replace Iraq in delivering cheap – if irregular – energy to Jordan (Schenker and Henderson, 2014). Being highly dependent on the Gulf increased Jordan’s energy bill from USD $60 million in 2002 to $711 million in 2005 (Vagliasindi 2013).

1 By contrast, Bahrain, Qatar, and OECD countries scored an average of 69, 73, and 88 percent in measures of government effectiveness in 2011.
and was projected to reach approximately $1 billion in 2008 if no corrective actions had taken place (Jaradat 2008). Iran, as a rentier state, heavily relies on income from oil and gas exports to finance generous social policies for a sizeable portion of the Iranian population. In 2009, according to International Energy agency (2010), Iran was the largest fuel subsidising country in the world, granting about $66 billions in fuel subsidies, around 20 percent of its GDP. However, the situation deteriorated after 2010 as a result of the UN-imposed sanctions that pushed newly elected President Mahmoud Ahmadinejad to propose the elimination of this huge unsustainable expenditure on energy subsidies.

Both states had limited fiscal capacity to expand social sector spending following the reform implementation. In Jordan, this low capacity was further exacerbated by the limited ability of the government to mobilize domestic resources and its reliance on local taxes to finance domestic expenditure. In 2003, tax revenues in Jordan amounted to 63.8 percent of total domestic revenues and only 15 percent of its GDP, whereas domestic expenditure has amounted to 36 percent of its GDP (ERF 2005). The tax administration system was also described as being weak and the extractive capacity of the Jordanian state as being underdeveloped (IMF 2005). Likewise, the Iranian state that largely draws on oil revenues to finance domestic expenditure was in a tight financial position owing to its weak extractive capacity. In 2011, the IMF reported that about 63.5 percent of the Iranian budget was financed by oil and gas export revenues whereas tax revenues only amounted to 5.5 percent of GDP in 2010 (Aghazadeh 2014; Dehghan and Nonejad 2015). This meant that when U.S. sanctions imposed on the Iranian oil supply in 2011 caused a reduction in the government’s revenue by around one-third, Iran was hardly able to meet its basic expenditure requirements.

The analysis in this memo contributes to a burgeoning body of scholarship on state capacity that emphasizes the significant correlation between a qualified and efficient bureaucracy and adequate fiscal with less poverty and higher social equality (Hau, et al 2013; Murshed et al. 2017; Ravallion, 2016). Nevertheless, this memo is not intended to establish any causal relation between energy subsidies reforms and the change in socio-economic indicators in Jordan and Iran. Other economic and political factors were also in play and could have impacted the outcomes of the reforms. In Jordan, subsidy reforms coincided with the international financial crisis of 2008, while reform in Iran coincided with the economic recession of 2009 and the political sanctions imposed on the Iranian government in 2011. However, by observing annual change in the Producer Price Index (PPI) and the Consumer Price Index (CPI) following the implementation of these reforms and taking into account the indirect effect of the increase in energy prices on households’ real income and consumption, we can adduce evidence for a correlation. In order to establish a causal relation, further technical simulations are required that would involve the use of counterfactuals to disaggregate the impact of the reform from other economic and social influences.

Energy subsidies reform in Jordan

In 2004, the Jordanian government announced its intention to gradually increase energy prices over a four-year period in order to be in line with the international market prices. Accordingly, in July 2005, energy prices increased by around 27 percent, resulting in a 10 percent increase in gasoline prices, 33 percent increase in the price of fuel used in power generation and 59 percent increase in the price of fuel used in industrial production (Coady et al 2006; Fattouh and El-Katiri 2012). Consequently, in February 2008, in association with the sharp increase in the international energy prices and the devaluation of the Jordanian dinar in face of the falling of the US dollar (to which it was pegged), the government removed most of its subsidies – causing the domestic gasoline price to jump by 16 percent, while fuel and kerosene prices increased by 76 percent overnight (Jones et al 2009). As a result, public expenditure on energy subsidies declined from 5.8 percent of GDP in 2005, to 2.6 per cent in 2006, and 0.4 percent in 2010. In association with the elimination of energy subsidies, Jordan’s PPI increased by 8 percent in July 2005, 7 percent in April 2006, and 9 percent in February 2008.
– coupled with consequential increases in the CPI of 2 percent in July 2005, 2 percent in April 2006 and 6 percent in February 2008.

**Mitigation measures in Jordan**

Prior to the reforms, public expenditure on Jordan’s social safety net totalled around 1 percent of GDP and benefited about 8 to 10 percent of the population (Vagliasindi 2013). There were three major facets to this: income support to the poor and vulnerable groups operated through National Aid Fund (NAF) and Zakat fund; social care service to vulnerable groups, including disabled and children; and economic empowerment programs to develop the skills of the Jordanian workers. Since the scale of these programs was not enough to mitigate the adverse impact of the reform on households’ welfare, and any upgrades would have required additional resources, the Jordanian government had to seek alternative immediate mitigation measures, in accordance with its institutional capacity, to protect poor households.

To this end, a more gradual price adjustment approach was adopted for energy products widely used by poor households and an electricity lifeline tariff was maintained for families whose consumption was less than 160 KWh per month (Vagliasindi 2013). Targeted national aid expenditures also increased by 43 percent from 2007 to 2008 to offset the predicted direct and indirect effects of increasing energy prices on low-income families. Furthermore, the average wage of civil servants as well as military and security personnel increased by 50JD for those with a base salary less than JD300, and increased by 45JD for those with a base salary more than JD300 (Yemtsov 2010). Likewise, the pensions of public-sector employees increased by an amount equal to USD $150 to USD $220 per month for families with an income less than USD $1000. The indexation of salaries also began to be linked to inflation and productivity. For private-sector employees, a separate compensation scheme was introduced for low-income families. Another alleviating measure was the sharp reduction of 5 percent tax that had been imposed on eleven of the most essential food commodities (including fish and meat). Mitigation measures remained a priority, and overall, the government was able to scale up its social protection expenditure to reach around 4.3 percent of GDP (around USD $552 million) in 2008, about one-third to half of the initial energy subsidies cost (Jaradat 2008).

These mitigation measures, however, were not enough to protect all income groups. Following the reforms, poverty incidence increased from 13 percent in 2006 to 14.4 percent in 2010 (HEIS 2006, 2010). Furthermore, the geographic “poverty pockets” – districts in which at least 25 percent of the population is poor – increased over the period (2006 to 2008) from 22 to 32 pockets.

The inflationary increase in food prices (a 28.3 percent increase) coupled with energy price increases caused households to shift their consumption patterns; the average household expenditure on food items from 2006 to 2008 decreased by 2.6 percent. This reduction involved meat consumption falling by 41 percent and vegetables consumption by 20 percent. However, the bottom 20 percent (first quintile) did not experience any reduction in average food expenditure, but, instead, expenditure growth of 0.8 percent from 2006 to 2008. On the other hand, all income groups experienced a reduction in non-food expenditure by 8.2 percent as a result of the inflationary increase in the prices of non-food items (13.4 percent over the same period). This indicates that low-income households shifted their consumption pattern from non-food items to food items to offset the inflationary increase in the prices of both products. Generally, total expenditure on food and non-food items decreased by 6.2 percent from 2006 to 2008 for all income groups.

**Energy subsidies reform in Iran**

In December 2010, the Iranian government announced its intention to liberalize energy prices to be adjusted to 90 percent of the prevailing prices in the Gulf area. Virtually overnight, gasoline prices increased by 400 percent, natural gas prices increased by 700 percent, diesel prices increased by 1000 percent and electricity prices increased by 300 percent (Fattouh & El-Katiri 2012). This reform aimed at saving the government around USD $70
billion per year (Salehi-Isfahani 2014). Due to the sudden substantial increase in energy prices, the first-round effect of the reform was reflected in an uncontrollable hike in inflation rates from 13.9 percent in 2010 to 26.4 percent in 2011 and to 28.6 percent by 2012. In analyzing the effect of the reform on inflation rates, it should be noted that the increase in energy prices is not the only factor that contributed to the unprecedentedly high level of inflation throughout this period (2010-2013). Other factors include the increase in money supply to finance households’ cash transfers through printing money (as explained below) as well as US sanctions imposed on the Iranian oil supply in 2011 that caused a currency devaluation in September 2012 (Salehi-Isfahani 2014).

Table 1: Change in Jordanian households’ expenditures by percentage (2006-2008)

<table>
<thead>
<tr>
<th>Quintile</th>
<th>First Quintile (Lowest 20 percent)</th>
<th>Second Quintile</th>
<th>Third Quintile</th>
<th>Fourth Quintile</th>
<th>Fifth Quintile (Highest 20 percent)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditure Growth</td>
<td>-3</td>
<td>-4.8</td>
<td>-4.1</td>
<td>-6.1</td>
<td>-8.2</td>
<td>-6.2</td>
</tr>
<tr>
<td>Expenditure Growth for food items</td>
<td>0.8</td>
<td>-2.4</td>
<td>-1.1</td>
<td>-4.4</td>
<td>-3.4</td>
<td>-2.6</td>
</tr>
<tr>
<td>Expenditure Growth for non-food items</td>
<td>-6.1</td>
<td>-6.7</td>
<td>-6.3</td>
<td>-7.2</td>
<td>-10.7</td>
<td>-8.2</td>
</tr>
</tbody>
</table>


Given the limited institutional capacity of the Iranian government and the unavailability of comprehensive, well-targeted safety nets to protect poor households from the negative impact of the reforms, the distribution of universal basic income to Iranian households was the only channel to ensure any measure of social acceptance for the government’s reforms. In order to ensure social and political stability, well before the initial implementation of the reform, the Iranian government electronically deposited around USD $45 per month per person into the Iranian citizens’ bank accounts that they were asked to open several months before the reform came into force. This amount was estimated to be around “28 percent of the median per capita expenditure for a household of four members, 10 percent of the monthly wage of unskilled
worker and greater than the monthly expenditure of 2.8 million Iranian citizens,” and became available on the day of the reform (Salehi-Isfahani 2014: 8). Although the initial intent was to transfer the cash amount to the lowest seventh of income groups, the fear of social discontent provoked by excluding some families from the transfer forced the government into declaring all the Iranian families eligible for the transfer. Because of this, the reform eventually cost the government USD $30 million more than budgeted (Tabatabai, 2012). The percentage of cash recipients during the first four months of the reform, according to the government, was around 82 percent of the total population, increasing to 95 percent of the population very soon afterwards (Salehi-Isfahani, 2014).

On the social side, there is some evidence that the Iranian government’s crudely managed generous compensation measures did help reduce the incidence and magnitude of income poverty over the period 2009 to 2012. Yet this positive impact did not last long. The distribution of universal, rather than well-targeted, cash transfer cost the government more than the initial amount spent on energy subsidies at a time Iran had to run a deficit-ridden budget because of the sanctions. This eventually has resulted in a 25 percent budget deficit financed by printing money. The increase in money supply, along with other factors, caused inflation to record a high figure of 35 percent in 2013 and poverty rate, as seen in Figure (4), to go up again to 10.5 percent in 2014 (Salehi-Isfahani, 2017). Ultimately, the real value of cash benefits dropped by 38 percent between 2012 and 2014 in the face of inflation. In response, President Rouhani had to reduce the amount of cash transfers and increase energy prices to curb rising inflation, which in turn increased poverty incidence. On that point, Figure (5) shows the results of a World Bank study (2016), in which the erosion of cash transfer was identified as the main contributors to poverty changes during the 2012 to 2014 period.

![Poverty Rate, 2008-2014](image1)

Source: IMF (2017)

![Figure 5: Sources of income poverty changes 2012–2014](image2)


### Concluding remarks

There is no doubt that energy subsidies are inefficient forms of social expenditure that broaden the gap between the rich and the poor, crowd out productive public expenditure, and create economic distortions. Their elimination would likely help create a more efficient and equitable economy. For the MENA region, the rising costs of subsidies will eventually necessitate their elimination if governments are to reduce their fiscal deficits and target their limited financial resources towards more efficient social spending and towards activities that promote economic growth. Ultimately, the reforms considered
here come at a social cost that needs to be addressed by governments before they embark on any comprehensive reform plan. As exemplified in the Jordanian and Iranian cases, this social cost is the expected adverse direct and indirect impact of the reform on households’ real income. Unless well cushioned by a combination of mitigation measures, this impact can increase poverty rates and reduce households’ consumption. Mitigation measures, however, require the presence of adequate institutional and fiscal capacities to be up to the task of fully protecting the poor and the economically vulnerable. In short, the social impact of energy subsidy reforms on households’ welfare is largely a factor of the comprehensiveness of the social safety nets in place prior to and following the reform’s implementation, the magnitude of the reform, the mode of its implementation, the capacity of government to estimate the impact on stakeholders, and its ability to design mitigation measures that can offset adverse effects of the reform.

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The politics of youth policymaking in Jordan

Sean Yom, Temple University and Wael Al-Khatib, USAID

Why does the Jordanian state struggle to connect with its youths, who constitute two-thirds of the population? Most Arab states have experienced a youth bulge since the 1990s, and the youth-driven nature of the Arab uprisings exposed the oft-vast disconnect between youth preferences and political authority across the region. Yet Jordanian social policies have failed to furnish the goods and services necessary to satisfy young citizens as manifest in recent trends. During the 2011 to 12 Jordanian Spring, youth movements launched thousands of protests in a collective demand for democratic and economic reforms. In the next years, over 3,000 Jordanians left to join the Islamic State, raising the specter of violent radicalization among youth communities at home. Today, youth mobilization continues to churn at a dizzying pace, with each year generating a dozen new activist networks and social movements.

Current and previous governmental policy initiatives

In this context, Jordanian social policies currently seek to achieve “youth cultivation” – that is, satisfying broad-based grievances by unifying youth cohorts, incorporating their preferences into state institutions, and thereafter generating positive externalities such as more popular support for the monarchy. Such policies, such as providing entrepreneurial capital to extending education outside schools, are enshrined in the 2018 to 2025 National Youth Strategy. As King Abdullah averred, these programs are designed to unleash “the immense energies, promising capabilities, and diverse talents of our youth” in a way that will transform the kingdom into a Singaporean simulacrum – a productive, prosperous, and most importantly stable autocracy.

However, youth cultivation has struggled to gain traction since the Jordanian Spring. Not just the current pace of political mobilization, but also the emotions of alienation among Jordanian teenagers and millennials persist. Further, no survey instrument (including the Arab Barometer) systematically illustrates that youth cohorts today feel that economic and political conditions have improved relative to ten years ago. Moreover, past youth-oriented social policies have failed, revealing the government’s poor track record in this field. The predecessor to the current national youth strategy is the 2005 to 2009 National Youth Strategy, which failed to predict the groundswell of youth opposition during the 2011 to 12 protest wave. In turn, that was preceded by the 2001 creation of the Higher Council of Youth as a cabinet-level ministry, which promised to prioritize youth demands in the political process. All these efforts were heavily supported by international aid donors, yet all failed to achieve their benchmarks.

Why do youth initiatives fail while other government policies succeed?

The easiest explanation for such social policy failures is limited state capacity. Either the Jordanian state lacks the institutional will and mechanisms to reach its youth audience, such as the energy subsidy reforms described by AbdelNaeem in this volume, or else it lacks the money and resources to sustain these bureaucratic interventions, as suggested by Thompson’s study of Saudi welfarist provisions also in this volume. However, we find explanations centered upon limited state capacity unconvincing. It is true that many post-colonial states afflicted with rentierism have struggled to penetrate and organize their societies, and Western donors know well how Jordan stumbles in providing the most basic goods like education and health care. Yet at the same time, Jordan

also has surprising examples of complex and effective policy changes that should never have occurred if its state apparatus was crippled with incapacity. In the last two decades, such success stories include military upgrading, municipal rezoning, industrial diversification, welfarist cutbacks, Eurobond issuances, and tax overhauls.

These policy successes were driven by unmitigable threats, such as fiscal shortages or international pressures, which compelled the government to carry out sweeping reforms. Today, the political overhead of youth alienation presents a similarly urgent threat; as the Arab uprisings showed, a neglected youth populace can be the author of revolution. However, despite recognizing this, the Jordanian state remains extremely unsuccessful at inducing young citizens to buy into its messaging.

Rather than limited state capacity, we posit an alternative explanation: youth cultivation fails because it is designed to fail. By designed to fail, we mean that youth-oriented social policies convey the impression of a responsive state engaging its youngest citizens, but they operate alongside two parallel strategies that are explicitly political – fragment the landscape of youth movements by encouraging parochialism and saturate youths with multiple, overlapping points of state exposure to undermine unity. Of the potential reasons for this, we posit the sociological condition of generational mistrust. Drawing upon our own field-based interactions, we argue that regime elites – e.g., bureaucrats, ministers, officers, advisers, royal observers – fundamentally distrust youths, who constitute not only a social category but also a collective agent of instability, whose mobilizational potential must be fractured.

By implication, this insinuates that the sources of political conflict in Jordan no longer solely emanate from the Palestinian-Transjordanian divide, which has long defined society and structured the political economy. As the Jordanian Spring illustrated, conflict is as likely to pit crowds of youth drawn from both Palestinian and Transjordanian communities against state powerholders who are often at least twice the age of protesters. It is not communalism but generationalism that will define Jordan’s future dynamics of mobilization and confrontation.

Attitudes of and about youths in Jordan

By numbers, Jordan’s demographics match regional trends. Nearly two-thirds of the kingdom’s population of 7.5 million non-transient residents falls under 30 years of age, almost evenly split between the 0-14 and 15-29 age brackets. The median age is 22. That youth unemployment currently stands at 37 percent – double the official overall rate of 18.2 percent, starkly contrasting bloated levels of educational attainment – has elicited an alarmist literature. International studies and Jordanian reports frequently invoke terms like “crisis” and “emergency,” framing youth constituencies as a political timebomb that must be defused. This is a common trope; as Asef Bayat has commented, “The idea of youths as a revolutionary class is not new,” and during confrontations with rebellious social forces, autocratic regimes frequently subject their youngest residents to moral and political discipline.

From their own experiences, Jordanian teenagers and millennials provide more nuanced reasons why they are likely to reject political authority, as manifest our qualitative interviews over the past six years as well as

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4 By this, we avoid the easy answer that an authoritarian regime would rationally sabotage social policies that could empower a democratic majority. While this is true, Jordanian youth programming as described in official documents has dropped the language of democratic change and now instead emphasizes non-political goals such as entrepreneurship, happiness, and stability.

5 Figures in this paragraph come from the World Bank’s World Development Indicators, which for Jordan draws upon International Labour Organization estimates, United Nations Development Programme studies, and the Jordanian Department of Statistics’ own contributed surveys.


7 Asef Bayat, Life as Politics: How Ordinary People Change the Middle East (Stanford: Stanford University Press, 2010), 108.
For many youths, age is a more important marker of personal identity than origin (e.g., Palestinian or Transjordanian, Muslim or Christian). When asked to describe their overall attitudes towards social and political life in Jordan, our interviewees frequently invoked four emotions.

The first is helplessness, fueled by material deprivation like unemployment and poverty, and amplified by the belief that economic mobility is fundamentally determined by forces beyond their individual control, such as was*ta* and inherited privilege. The second is injustice, the perception that royal powerholders and senior officials (including the coercive apparatus) perpetuate massive corruption and favoritism. The third is anxiety, anchored in profound uncertainty about the geopolitical environment, given the Syrian civil war and often triggered by Syrian refugees and resource scarcity. The fourth is indignation, embedded in the conviction that ruling elites do not want greater democracy, even after Jordanian Spring protests.

Such expressions starkly contrast with the views of public officials. When asked to furnish their images and attitudes towards shabab (youths), these elites described young Jordanians through one of three paternalistic frames: misguided troublemakers, like hirak tribal activists, who caused havoc during the Jordanian Spring; idle ingrates, especially Palestinian youths, who do not vote and care little about national security; and sympathetic targets of Islamic State-style radicalization, who need to be guided away from non-approved interpretations of religion.

While still very raw data, these preliminary emotive summaries suggest at least two generational experiences at crosswinds with one another. They imply a real gap of perception between social policymakers and social policy targets, which bolsters the following arguments.

**Fragmenting the youth mobilization landscape**

The Jordanian government claims to recognize the depth of youth alienation. Over the past several years, it has undertaken a flurry of youth cultivation policies embodied in the 2018 to 2025 National Youth Strategy and other social projects. However, when socially contextualized, these initiatives are heavily skewed along two political logics.

First, government policies tend to enhance social fragmentation by mobilizing new youth actors with incompatible ideas, who are, thus, unlikely to politically unify youths at a national scale. Officially, current youth cultivation policies do not encourage self-mobilization: if young Jordanians wish to mobilize, such as by creating new social clubs or debate forums, they should do so through a government body or civil society sponsor. In reality though, political authorities have allowed nearly four-dozen new youth movements with at least 100 members to independently form, mobilize, and strategize since 2012. One example is Shaghaf, a group we investigated previously in its explicit rejection of political ideology and call for grassroots monitoring of parliament.

Another is the “Neo-Wasfi” movement, which lionizes the late Prime Minister Wasfi Tell. Neo-Wasfism is the latest expression of Transjordanian nationalism from tribal communities disaffected by neoliberal economics since the early 2000s. The movement amplifies the rhetoric of hirak protesters from the Jordanian Spring, such as attacking...
technocratic elites like Ja’far Hassan and Imad Fakhoury. Savaging these “digital ministers,” as neo-Wasfists deride, has elicited little backlash despite that such discourse breaches the statutory limitations of political criticism set by the Anti-Terror Law. A third is Nashama, a movement at Jordan University (long the national bellwether of student activism) that coalesced as an alternative to dominant religious and identity-based student groups, such as the Islamist and Palestinian-based Awdeh movements. Nashama coalesced as a network of tutors and speakers championing a curated national history bereft of identity debates. Their success came in the 2017 to 2018 elections for JU’s student government, in which they shattered Islamist control over the student union.

These groups are not examples of cooptation, because they are not absorbed into any infrastructure of patronage. Neither are they targets of coercion, as they are officially allowed by political authorities. They occupy a fuzzier category in which the cabinet government, royal voices, and security apparatus welcome their entry into the public arena, knowing their ideas are parochial enough as to foreclose national-level mobilization.

It may be argued that this strategy of fragmentation reflects benign neglect or lack of knowledge on part of the government, not a deliberative choice. However, older actors that explicitly confront autocratic power by calling for unified resistance, such as the Jordanian Spring hirak, remain subject to surveillance and violence, especially when they organize new demonstrations in towns like Dhiban and Salt. As another example, consider the 2014 to 2015 fissuring of the Muslim Brotherhood, then one of the most coherent ideological organizations calling for national mobilization for reform. The government not only engineered the institutional breakdown of the group, but also notably backed the regime-friendly Zamzam faction over the more obstinate Brotherhood old guard, including their efforts to siphon off the Brotherhood’s large youth wing. Such examples suggest that the Jordanian state has not lost its repressive touch and that the encouragement of new youth actors is a purposive decision.

Further, this strategy of fragmentation may reflect the hard lessons learned during the Jordanian Spring, when the Transjordanian-Palestinian divide was frequently overcome through unified mobilization and shared ideals. For instance, many hirak groups were infused by Palestinian activists (including Islamists) who joined these tribal protesters, while Amman-based groups like Jayin, March 24, and 1952 Constitution Movement drew upon Transjordanian volunteers. By encouraging instead a newer breed of youth forces who pursue grass-roots goals in relative isolation from one another, the regime undermines the potentiality of such unity occurring again.

**Institutional overload**

The second strategy that undercuts youth cultivation is institutional overloading. This means creating so many overlapping public organs and programs charged with policy interventions that youths are effectively enmeshed from above, and thus more oriented towards the state rather than each other. This “immobilization by a thousand cuts” involves many moving parts.

At the top are the royal palace’s own creations. For a number of years, the We Are All Jordan Commission represented the most public effort by the monarchy to have consistent social contact with young citizens. By the Jordanian Spring, however, the Commission had devolved to a series of lavish conferences to celebrate royal initiatives (or, in one case, the king’s birthday). Today, the lead royal entity for youth cultivation is the Crown Prince Foundation, established in 2015. The CPF patronizes prominent events, from small technology fairs to large

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14 Personal interview by author with Jordan University student, Amman, Jordan, 3 April 2018.
international events like the 2015 UN-sponsored Global Forum on Youth, Peace, and Security. While other royal “nongovernmental” organizations (RONGOs) such as the Jordanian Hashemite Fund for Human Development, Queen Rania Foundation, Jordan River Foundation, and Royal Film Commission also formulate youth and social innovation schemes, the CPF dominates newspaper headlines as the most visible expression of the monarchy’s involvement in educating and empowering youths.

At the local level, the government has also created independent but overlapping programs. One example is the Jordanian Youth Government, which by 2019, intends to appoint a mock ministerial team of youths to track public policies. Public funding also flows to youth councils in prominent towns outside Amman such as Mafraq and Madaba, which all traffic in the same imagery – youth empowerment, capacity-building, political participation – by giving young Jordanians an opportunity to shadow older bureaucrats. In addition, government-civil society partnerships abound, producing small-scale projects such as electoral monitor training and civic educational seminars. Al-Hayat, Jordan Media Institute, Leaders of Tomorrow, Ruwwad Tanmiyyah, and Hikaya Center are examples of such civil society partners.

This dense array of official initiatives could arguably stem from lack of skills or institutional incapacity. However, what strongly suggests deliberative choices behind this strategy is this: all youth-oriented official programming, which metaphorically expresses the singular voice of a responsive state, bypasses the one institution created to be that official voice in the first place – the Ministry of Youth.

In 2015, the government retooled the Higher Council of Youth as the Ministry of Youth, promising a larger budget and greater autonomy. Lack of resources had been problematic before; that summer, for instance, HCY employees held a sit-in to protest their meager salaries. However, while its salaries have improved, the ministry today is still insulated from the youth cultivation projects undertaken from civil society, government organs, and the monarchy. Instead, its planning priorities emphasize cultural workshops, vocational training, sporting matches, and social events like the Al-Karama Battle celebration.

That the Ministry does not brandish authority over the organizing, registering, and centralizing of youth social policies within an institutional ecology that prizes hierarchical control is significant. It flows from the same reason why there is no youth quota in the Jordanian parliament and the minimum age of electoral candidacy remains 30 – as opposed to fellow monarchy Morocco, whose parliament does have a youth quota and a minimum candidacy age of 23. Policy change is absent not because regime powerholders lack the knowledge or capacity to implement it; it is absent because they simply do not allow it.

Conclusion

These insights have implications for Jordanian youth mobilization and the social policies aimed at it. Most immediately, youth alienation today may persist not in spite of state decision-making but partly because of it. Despite the discourse of youth cultivation, the Jordanian government’s political strategies veer towards not engaging and empowering its youngest citizens, but rather fragmenting the social landscape and overloading residents with small-scale programs.

The second and more long-term implication concerns the generational gap. This structural cleavage, not the Palestinian-Transjordanian divide, helps explain why political authorities today remain wary of renewed conflict and popular mobilization. It also explains why youth cultivation is failing – because it was never intended to succeed, at least not in the manner envisioned by its advocates.

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18 The JYG has its own website: <http://shababgovjo.org/>.

19 Most of these localized projects, whether wholly governmental or governmental-civil society, maintain informative websites. The Madaba youth council and its sponsoring Political Youth Forum can be found at: <http://www.yppjo/ar/>.

20 Jordan Times, “Youth Council Employees Protests to Demand Higher Pay,” 1 June 2015.
Prison reform and drug decriminalization in Tunisia

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In January 2017, Tunisia’s Minister of Justice, Ghazi Jeribi, reported to a parliamentary committee that the country was facing a crisis in its prison system. The crisis resulted from several key factors: chronic prison overcrowding, reports of torture and inhumane conditions in nearly all of the country’s prisons, and an overburdened court system, which gave rise to a large number of pre-trial detainees held for extended periods in the same cells with sentenced inmates. Since the revolution in 2010, there has been growing recognition among Tunisia’s government officials and civil society activists that Tunisia’s criminal justice system requires reform and, in particular, that the country’s harsh drug laws have exacerbated the prison crisis.

This article examines the causes and consequences of high incarceration rates and prison overcrowding, with a particular focus on the link between prison overcrowding and drug sentencing laws in Tunisia. First, I draw a link between criminal justice policy and social policy. Then, I provide an overview of past and present criminal justice policies, showing how Tunisia’s anti-drug laws had long-run negative effects in the country, specifically by increasing incarceration rates and prison overcrowding.

I then discuss current efforts at criminal justice reform with an eye toward how this issue fits into Tunisia’s democratic transition and political reform more broadly. Using a combination of qualitative evidence and an original survey in Tunisia, I show that, while there is broad-based elite support for criminal justice reform, the majority of the Tunisian public opposes the decriminalization of low-level drug offenses as a strategy for addressing prison overcrowding and extremism. Finally, this article explores Tunisia’s different options for pursuing criminal justice reform going forward.

Criminal justice reform as social policy

The study of social policy typically focuses on citizen well-being and social welfare; the primary issues are poverty, education, employment, health, and housing. Previous scholarship has linked criminal justice policy to traditional social policy in a few key ways. First, criminal justice policy and social policy typically reflect a common government approach to deservingness and social marginalization. Second, the effects of criminal justice policy and social policy are inextricably linked; criminal justice policies can play a larger role when traditional social policies, like education and employment, fail. Furthermore, a criminal record can preclude an individual from accessing certain social welfare goods like gainful employment and secure housing. For instance, many individuals previously incarcerated for even low-level drug offenses suffer exclusion from educational and labor market opportunities after release.

Finally, Roberts (2004) outlines the community-level harms that can occur as a result of mass incarceration. Specifically, she highlights that the effect criminal justice policies reverberate throughout local communities and family networks. The incarceration of a family member often places new financial and social stress on the remaining family members through the costs of traveling to visit the prison, the need to supplement the missing

¹ I thank Stanford’s Philanthropy and Civil Society (PACS) Center and the American Institute for Maghrib Studies (AIMS) for their generous support of this project. I thank Caroline Abadeer, James King, and Farah Samti for feedback on earlier versions of this paper. I am grateful for the generous feedback from participants in the POMEPS Social Policy workshop, the Abbasi Student network workshop, and a Stanford Comparative Politics writing group. I also thank the entire team at BJKA Consulting in Tunis, and especially, Samy Kallel and Manel Mansouri, for their assistance with this survey. All errors and omissions remain my own.
² Beckett and Western 2001
³ Roberts 2004; Weegels 2018
income of the incarcerated individual, and the stress of the social stigma and familial disputes over the arrest. These effects can have significant welfare implications, including heightened economic insecurity, stress-related health issues, and weakened social ties.

In recent years, there has been broad international recognition of the dual challenges of high incarceration rates and prison overcrowding, as well as the connection harsh drug sentencing laws shares with both. Many countries have taken steps to reduce the prison sentences associated with the possession and use of small quantities of drugs, particularly cannabis-based products. In addition to addressing the fiscal burden of incarceration on the state, recognition of the social harms inflicted by harsh drug policies often accompanies these reforms.

The prison crisis in Tunisia

According to the World Prison Brief, Tunisia’s prison population is estimated at around 25,000 and has been roughly that high since the mid-1990s, despite the fact that the official capacity of the Tunisian prison system is approximately 18,000. In practice, this means that the prisons have been operating at nearly 150 percent capacity for over two decades, with some prisons reporting an incarcerated population of nearly 200 percent of official capacity. At the end of 2016, Tunisia’s prison population was estimated at just over 23,500, an incarceration rate of over 200 people per 100,000. Almost 50 percent of those in prison in Tunisia are in pre-trial detention, awaiting their trial and sentencing.

The problem of prison overcrowding is not unique to Tunisia. Of the nineteen countries that the World Bank classifies as part of the Middle East and North Africa (MENA) region, only eight have reported their prison occupancy levels since 2011. Six of those eight countries report having overcrowded prisons, ranging from a reported prison occupancy of 240 percent in Kuwait to 139 percent in Iraq and Tunisia. Figure 1 displays the region’s prison occupancy rates, contrasted with those of twelve Western European countries.

Figure 1: Prison occupancy levels (percentage of official prison capacity)
Source: World Prison Brief 2018b

In addition to chronic overcrowding, the expansion of Tunisia’s prison population has compounded other challenges in Tunisia’s prisons, including inadequate living conditions and, in some cases, torture. The Tunisian Human Rights League announced that between October 2013 and October 2015, 400 cases of torture were reported.

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1 Snacken and Beyens 1994; Caumont 2013; UNODC 2015. In this article, I use depenalization to refer to efforts that maintain the criminal status of marijuana use but reduce or eliminate associated prison sentences. Decriminalization refers to policies that eliminate both the criminal status and prison sentences associated with marijuana use. See: Pacula et al. (2005) for a further discussion of the wide array of policy options.
2 Hughes and Stevens 2010
3 By contrast, the incarceration rate is approximately 131 in Portugal, 126 in Spain, and 102 in France, with the percentage of pre-trial detainees in those same countries at 15.6, 14.3, and 28.7 respectively (World Prison Brief 2018b).
4 The World Bank classifies Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, West Bank/Gaza, and Yemen as MENA countries.
5 BBC 2008; Mohammed 2013; Middle East Monitor 2017; World Prison Brief 2018b
6 Advocats Sans Frontières 2015; Middle East Monitor 2016; Boh 2017; Amnesty International 2018
in Tunisian prisons. Despite these public reports, the security forces continue to operate with impunity. Advocats Sans Frontières reports that, although the prisons were designed to keep sentenced inmates separate from those held in pre-trial detention, the two groups are often housed in the same overcrowded cells. Some prison cells are known to hold roughly on hundred inmates at a time, with some prisoners forced to share beds and most prisoners spending twenty-three hours a day in their cell.

The connection between prison overcrowding and drug sentences in Tunisia

What is the typical profile of incarcerated individuals in Tunisia? More than half of Tunisia's prison population is under 30, approximately 50 percent have only completed primary school education, and over 97 percent of the prison population is male. These statistics highlight that the highest social costs of criminal justice policy are often born by the same population to which the traditional welfare policies are directed.

Of the 23,553 individuals incarcerated in Tunisia, roughly one-third are facing or serving sentences for drug offenses. The majority of drug cases are young men who were caught with small amounts of marijuana for recreational consumption. In 2016 alone, over 56 percent of those arrested were detained for drug use, primarily of cannabis products.

The rapid expansion of the prison population in Tunisia, particularly of low-level drug offenders can be traced back to 1992, when President Zine El Abidine Ben Ali enacted law no. 92-52 (known as Law 52), which strengthened the criminalization of the use and sale of narcotics in the country and imposed harsh mandatory prison sentences for violations of the law. For simple possession of small amounts of marijuana, a first-time offender could receive between one to five years (with a mandatory minimum sentence of at least one year) and a fine of between 1,000 and 3,000 Tunisian dinars (TND). Those charged with growing or distributing narcotics could face six to ten years with a fine of 5,000 to 10,000 TND, and those linked to gangs or smuggling groups faced mandatory sentences of twenty years to life, in addition to fines ranging from 100,000 to 1,000,000 TND. Judges were given no discretion to reduce any of these mandatory minimum sentences in light of mitigating circumstances or the availability of alternative disciplinary measures.

The social costs of Tunisia's criminal justice policies

The economic and social costs of Law 52 and of Tunisia's approach to criminal justice more broadly have been severe. Incarceration and prison overcrowding have been linked to high economic costs, social stigmatization, the expansion of extremist networks, and the expansion of gang and smuggling networks. The economic consequences occur because individuals with criminal

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10 Similarly, the Organization Against Torture in Tunisia (OCTT) reported 631 cases of torture at the hands of the security forces between 2013 and 2016. See: Middle East Monitor 2016; Attia 2018.

11 In one recent example of the work of police unions to protect officers in the country, in February 2018, a security force union protested at a courthouse in Ben Arous to demand the release of fellow security force members who had been accused of torture (Grewal 2018).


13 Advocats Sans Frontières, 2015; World Prison Brief 2018a.

14 North Africa Post 2017. Cannabis can be consumed in a variety of forms, all of which are outlawed by current Tunisian law. The terms for various cannabis products in Tunisian dialect include: hashish, zetla, kif, takrouri, and chira. The reported annual prevalence of cannabis use in Tunisia was estimated at 2.6 percent in 2013. By contrast, the annual prevalence of cannabis use in Morocco is 4.2 percent (2004), in Portugal is 2.7 percent (2012), in Spain is 9.2 percent (2013), and in France is 11.1 percent in 2014 (UNODC 2017).

15 Cannabis products in all forms had been banned under French colonial rule and post-Independence. In November 1964, Tunisia’s first president, Habib Bourgiba, signed a law outlining the new criminal penalties for cannabis and opium use and sale, law no. 64-47. However, Law 52 was a notable shift toward harsher criminal justice policies. Following the 2010 revolution in Tunisia, human rights organizations and civil society associations highlighted how Law 52 had been used to target and imprison certain sub-groups of the Tunisian population under the Ben Ali regime. Many of those arrested were young men from marginalized communities, who, if mobilized politically, could have posed a threat to the Ben Ali regime.

16 Government of Tunisia 1992, Law no. 92-52, Art. 2,4

17 Government of Tunisia 1992, Law no. 92-52, Art. 5-7

18 Roberts 2004; Skarbek 2011; Weegels 2018
records are required to report their criminal history to all future employers, regardless of severity of the crime. A criminal record of any sort vastly decreases an individual’s economic and employment opportunities and can reduce overall economic productivity by banning those with records from studying at public universities or pursuing a job in the public sector.

The harsh criminalization of drug offenses deprives individuals with minor offenses any path toward reintegration into the Tunisian economy and Tunisian society more generally. There is evidence that criminal and gang networks develop and deepen in the context of heightened penalization for low-level offenses and in the absence of efforts aimed at rehabilitation. Mohamed Zorgui, a Tunisian rapper, recounted his experience sharing a large cell with over one hundred other men, including four men who had been convicted of terrorism and were actively recruiting in the prison.

These effects are not limited to the individual convicted but can also affect his or her family and local community. In interviews with several families affected by the law, Bouzidi (2015) highlights the economic and social costs for the family, including the lost wages of the person in prison and the costs of traveling to the prison, as well as the enormous social stigma of having a family member convicted of a crime.

**Efforts at reform**

In the Middle East and North Africa (MENA), the penalties associated with possession, use, and sale of any drugs remain harsh by global standards. Fourteen of the nineteen countries in the MENA region have laws permitting the death penalty in drug smuggling cases though only a handful of those countries regularly carry out such executions. However, there are growing reform efforts in several MENA countries. In Lebanon, for instance, Skoun, a Beirut-based civil society organization, has been working since 2011 to reduce sentences associated with drug use and improve addiction services.

Closer to Tunisia, Morocco has been at the forefront of decriminalization debates in North Africa. Morocco is one of the world’s largest marijuana producers, supplying much of the European market. Although cannabis remains illegal in Morocco, the government oscillates between cracking down on marijuana farmers and offering tacit acceptance of cannabis farming, particularly in the impoverished Rif mountain region, where marijuana cultivation represents a main pillar of peasant farmers’ livelihoods.

Fouad Ali El Himma, a close advisor to King Mohammed VI and a founder of the Party of Authenticity and Modernity (PAM), has pushed for an open dialogue regarding cannabis since 2009. In 2014, PAM released a draft law proposal to legalize marijuana cultivation for medicinal purposes.

In Tunisia, the government sent a draft law on narcotics to Tunisia’s Assembly of the Representatives of the People (ARP) in 2015; the ARP began discussions of the law in January 2017. In the meantime, however, human rights groups and civil society activists, including lawyer

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19 Advocats Sans Frontières 2015
20 Guellali 2016
21 Advocats Sans Frontières 2015; Bajec 2017. See also: Cuthbertson 2004; Skarbek 2011; Wood 2014
22 Bajec 2017
23 Bouzidi 2015
24 Of the MENA region countries, only Algeria, Djibouti, Lebanon, Morocco, and Tunisia do not permit capital punishment for drug offenders (The Economist 2015).
26 Roslington and Pack 2013; Blickman 2017
27 In 2013, according to Morocco's Interior Ministry, approximately 750,000 Moroccans relied on cannabis farming for their economic livelihood (Martelli 2013).
28 Hammond 2017
29 Government of Tunisia 2015, Draft law no. 79/2015; Human Rights Watch 2017
Ghazi Mrabet, organized for reforms, popularizing slogans such as “El 7abs lé [no to prison]” and “#baddel52 [#change52].” While the members of Tunisia’s different political parties could not agree to fully repeal Law 52, an elite consensus formed around reducing prison sentences for first- and second-time offenders accused of marijuana consumption.

On March 15, 2017, Tunisia’s National Security Council, chaired by President Beji Caid Sebsi, issued new regulations allowing judges to pardon defendants as soon as their judgment is announced. On April 25, 2017, the ARP finally adopted the proposed amendment to Law 52. Under the modified law, judges have discretion in sentencing for the first two drug offenses. They can consider mitigating circumstances and recommend alternatives to prison, such as medical evaluation and treatment. On May 15, 2017, a criminal court in Tunisia issued the first modified sentence: a suspended sentence of one year in prison and a 1000 TND fine. Human rights groups and civil society activists commended the change but also endorsed further reforms, arguing that judicial discretion has its own limitations and risks.

Several of the government ministers from the current Nidaa Tounes-led government have expressed a willingness to further reform the law. Justice Minister Ghazi Jeribi called the current amendment of Law 52 an interim solution, while the political elite debate further changes. Health Minister Samira Merai pledged that this amendment marked a new approach towards drug offenses, one that prioritizes prevention and addiction services. Leading members of Ennahda have expressed support for reform as well. All stress that they want to reduce harsh sentences but object to full decriminalization of marijuana-related offenses, because they fear that will promote further consumption.

What does public opinion say?

Despite all of the depenalization debate among Tunisia’s political elite, little is known about the public’s support for or opposition to criminal justice reform policies. In July 2017, I fielded a public opinion survey in five of Tunisia’s governorates: Beja, Bizerte, Sfax, Sidi Bouzid, and Sousse.

In the survey, I asked respondents to report whether they agreed with several policies proposed to address extremism in Tunisia. The policies included: creating more jobs, increasing the number of soldiers, increasing the number of police, implementing a training program for imams, and eliminating penalties associated with low-level drug offenses in order to reduce the prison population. Respondents could select: strongly support, somewhat support, somewhat oppose, strongly oppose, and don’t know/refuse. The overall distribution of support and opposition for each of these policies is displayed in Figure 2.

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30 HuffPost Tunisie 2017b
31 Agence France Presse 2017a
32 Government of Tunisia 2017, Law n° 42/2017
33 Boukhayatia 2017
34 HuffPost Tunisie 2017b
35 Agence France Presse 2017b
36 HuffPost Tunisie 2017a; Huffpost Tunisie 2017b
37 Notably, there is little evidence that depenalization or decriminalization of marijuana use causes a significant increase in the prevalence of marijuana use. See: Kilmer 2002; Laqueur 2015.
38 This survey question was included in a larger original survey conducted with Marlette Jackson (Stanford University) that examined public opinion toward local governance and elected officials. BJKA Consulting Firm fielded the survey. Data collection lasted two weeks in July 2017. Enumerators read the survey questions to respondents and simultaneously input the responses into tablets. The 1,200-person sample for this survey was selected using used multi-stage sampling. Details on sampling are included in the Online Appendix. Although the survey was constructed to be locally representative, the sample is comparable on all socio-economic indicators to the nationally-representative Afrobarometer and Arab Barometer samples except in the extent that our survey oversamples rural areas. See Table A.4 in the Online Appendix.
39 An example of the question in Arabic is displayed in Figure A.3 in the Online Appendix.
These results indicate that the majority of Tunisia’s public does not support the decriminalization of low-level drug offenses as a solution to prison overcrowding and extremism. While the vast majority of the public supports the other policies, 60.5 percent of respondents oppose decriminalization of low-level drug offenses, with nearly 45 percent of respondents saying that they strongly oppose such measures. Among the 30.4 percent of respondents who support decriminalization of low-level offenses, their support is more evenly divided among those reporting that they strongly support (17.7 percent) and somewhat support (12.7 percent) such policies.

Table 1 shows the percentages of opposition and support by gender, age cohort, employment, political orientation, and education. These results offer two insights. First, while these sub-groups vary in their support and opposition, the differences are generally quite small. Among all sub-groups, between 50 to 65 percent are opposed to decriminalization, while between 20 to 35 percent support decriminalization. Second, the differences that we observe align with our expectations about who was negatively impacted by the Ben Ali regime’s approach to criminal justice. For instance, respondents between the ages 18 and 35 are more supportive of decriminalization than older age cohorts. Similarly, part-time and unemployed respondents are more supportive of decriminalization, while respondents who had completed secondary education or higher are less supportive. One interesting point to note is the variation regarding the percentage of respondent answering “Don’t Know.” Women, older respondents, and respondents who did not vote in the 2014 elections had less certain views about decriminalization.

Table 1: Opposition and support among sub-groups

<table>
<thead>
<tr>
<th>BY GENDER</th>
<th>Oppose</th>
<th>Don’t Know</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>58.4%</td>
<td>11.9%</td>
<td>29.7%</td>
</tr>
<tr>
<td>Male</td>
<td>62.5%</td>
<td>6.4%</td>
<td>31.1%</td>
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<table>
<thead>
<tr>
<th>BY AGE</th>
<th>Oppose</th>
<th>Don’t Know</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-35</td>
<td>57.5%</td>
<td>6.6%</td>
<td>35.9%</td>
</tr>
<tr>
<td>36-55</td>
<td>63.9%</td>
<td>7.1%</td>
<td>30.0%</td>
</tr>
<tr>
<td>56 and above</td>
<td>59.8%</td>
<td>16.0%</td>
<td>24.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BY EMPLOYMENT STATUS</th>
<th>Oppose</th>
<th>Don’t Know</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>63.2%</td>
<td>7.2%</td>
<td>29.6%</td>
</tr>
<tr>
<td>Part-time</td>
<td>57.1%</td>
<td>5.9%</td>
<td>37.0%</td>
</tr>
<tr>
<td>Unemployed, in labor force</td>
<td>56.4%</td>
<td>8.0%</td>
<td>35.6%</td>
</tr>
<tr>
<td>Out of labor force</td>
<td>61.2%</td>
<td>11.4%</td>
<td>27.4%</td>
</tr>
</tbody>
</table>

40 There are several methodological issues that need further clarification in future public opinion work. First, it would be useful to determine whether public support varies depending on if they are asked about depenalization, decriminalization, or legalization. Second, the question on this survey frames decriminalization as a proposed solution for extremism and prison overcrowding in the country, but there are other ways to frame this policy, including frames that emphasize the economic benefits of decriminalization, the movement toward decriminalization in the United States and much of Europe, the availability of alternative treatments like drug addiction therapy, and, finally, fairness or personal liberty concerns associated with prison sentences for low-level drug offenses. I am currently conducting additional experimental work in Tunisia to examine the extent to which public support for depenalization or decriminalization is determined by how the issue is framed.

41 This holds even when controlling for respondent gender, education level, and delegation fixed effects, but the effect is substantively small. A one-year increase in the age of a candidate is correlated with a 0.2 percentage point decrease in the probability that the respondent supports decriminalization.

42 This holds even when controlling for respondent gender, age, employment status, and delegation fixed effects. Completion of secondary education or higher is correlated with a 9 percentage point decrease in the probability that the respondent supports decriminalization. OLS results are reported in the Online Appendix.
Criminal justice reform efforts follow a familiar pattern to other reforms proposed during Tunisia’s transition: (1) a strong elite consensus, particularly between Nidaa Tounes and Ennahda; (2) a significant divide between elite support for the policy and popular support; and (3) opposition to reform by an institution or actor linked to the old regime. Despite these shared features, the elite consensus on criminal justice reform is more progressive than what the public is demanding, while the elite consensus on economic policy reforms is typically more conservative.

The efforts at criminal justice reform in Tunisia highlight the paucity of research on criminal justice reform in the Middle East and North Africa and the close relationship between criminal justice policies and social policy in that context. Specifically, this article shows that the welfare concerns at the center of social policy, such as poverty and unemployment, may also be addressed through criminal justice reforms. As Tunisia moves toward increasing judicial discretion in sentencing, comparative work from other country cases that have experimented with criminal justice reform is helpful in illustrating the risks and benefits of such an approach.

Online Appendix

In order to access the Online Appendix, please visit: https://www.alexandrablackman.com/research/

References


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* BY 2014 VOTING BEHAVIOR

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* BY EDUCATION

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<td>Completed secondary education</td>
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Locating criminal justice reform in political transitions

Despite the notable progress toward depenalization of marijuana consumption in Tunisia, significant obstacles remain. In addition to limited public support, Tunisia’s Ministry of Interior website continues to report the arrests of Tunisians for behaviors related to the consumption and trafficking of marijuana. In a recent case reported on the Ministry’s website, on January 1, 2018, the police reportedly arrested four people in Tunis who had marijuana in their car. On April 3, 2018, the police in Tebourba arrested a man carrying marijuana in his car. Although the reporting of arrests could make the police more accountable, these reports are often framed in a prejudicial light, reporting that the drugs seized in cars are being trafficked if cash – even relatively small amounts – are also found in the vehicle. Given these challenges, it is not clear that further reforms to Tunisia’s criminal justice system will be forthcoming in the near future. However, while the broader attempts at security sector reform have faltered in post-revolutionary Tunisia, the government may have more success with depenalization efforts that do not directly threaten the power of the Ministry of Interior.

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43 Government of Tunisia (Ministry of the Interior) 2018a
44 Government of Tunisia (Ministry of the Interior) 2018b
45 It is not clear from the amended Law 52 or the Ministry of Interior website what amounts of cannabis distinguish personal consumption from possession with intent to sell.
46 Grewal 2018


Hughes, Caitlin Elizabeth and Alex Stevens. 2010. “What can we learn from the Portuguese decriminalization of illicit drugs? British Journal of Criminology 50: 999-1022.


Roslington, James and Jason Pack. 2013. Morocco’s growing Cannabis debate. Foreign Policy (The Middle East Channel).


Why unemployed graduates’ associations formed in Morocco and Tunisia but not Egypt

Dina Bishara, The University of Alabama

Unemployment among university graduates is widespread in a number of Arab countries and was heralded as one of the major factors fuelling mobilization during the Arab uprisings. However, this issue has been at the forefront of social policy issues in the region since neoliberalization efforts of the 1980s drastically decreased the guaranteed employment opportunities previously available to graduates. In this memo, I examine why unemployed graduates’ associations emerged in Morocco and Tunisia but not in Egypt. These cases are ideal for comparative purposes as they allow us to rule out a number of rival explanations. All three countries experienced similar grievances around educated unemployment. Meanwhile, variations in political openness between the two states where groups did form means that opportunity alone was not a sole explaining factor either. I also find that legacies of French colonialism fail to account for these different trajectories.

Instead, I find that a strong Leftist tradition of student unionism when grievances became salient helps explain the formation and success of organizing around graduate unemployment. In Morocco and Tunisia, networks formed during student activism provided the basis for organized action following graduation, using ideology and a rights-based discourse. However in Egypt, where Leftist activism had been suppressed, Islamist activism dominated student unions when these grievances were emerging. Islamist organizers, focused on individual morality and improvement rather than class and collective action. In Morocco and Tunisia, the emergence of unemployed graduates’ associations has brought the issue to the forefront of policy debates and forced governments to devote more attention to its resolution. Better understanding of the conditions under which these organizations were able to form can pave the way for more detailed studies about their long-term effects on policy and mobilization.

The limits of conventional explanations

Organization of the unemployed constitutes an important puzzle for scholars of collective action and social movements. Indeed, many scholars have long considered the mobilization of the unemployed “improbable” (Chabanet and Faniel 2012). Some attribute this to the lack of a cohesive identity or the lack of resources among the unemployed. Others point to psychological factors, such as political apathy, or societal factors, like the stigmatization of the unemployed, which might delegitimize their mobilization (Chabanet and Faniel 2012).

Despite these challenges, mobilization around unemployment has taken place in a variety of contexts, including Europe, North America, Latin America, and the Middle East.

Existing explanations for the mobilization of the unemployed fall under two broad categories, namely grievances and opportunities. Arguments based on grievances point to increased unemployment rates and rising poverty as triggers of mobilization. Explanations focusing on changes in opportunity structures argue that unemployed mobilization is more likely in permissive political environments (Epstein 2003). Others have advocated the need to go beyond national-level political opportunity structures by examining how the adoption of different policies might serve as a catalyst for organization (Gray 2007). Another version of opportunity-based arguments emphasizes the availability of allies, such as unions or Leftist parties, as an important aspect of the political opportunity structure (Della Porta 2008, 291).

However, these explanations do not sufficiently account for why unemployed graduates’ associations formed in Morocco and Tunisia but not in Egypt.
Social Policy in the Middle East North Africa

Grievances

As “resource poor, labor abundant countries” (Cammett and Diwan 2015), Morocco, Tunisia, and Egypt have all experienced similar demographic challenges and corresponding strains on their labor markets. Having invested significant resources in improving educational attainment, primarily in the 1950s and 1960s, each was faced with the need to accommodate a growing, and more educated, labor force, especially since all had guaranteed employment policies for university graduates. Starting in the 1980s, all three countries witnessed rising unemployment rates, especially among the more educated segments of society.

In Morocco, graduate unemployment, including for those with a doctoral degree, quadrupled from 6.5 percent in 1984 to 26.2 percent in 1993, while unemployment among high school graduates more than doubled from 14.6 percent over the same period (Sater 2010, 99). In Egypt, “according to the 1986 census, the unemployment rate for intermediate degree holders was 28.8 percent and for university graduates was 25.5 percent” (Wickham 2002, 43). Despite the fact that degree holders (intermediate level and above) constituted 32 percent of the Egyptian labor force in 1985, they accounted for 74 percent of the unemployed (Wickham 2002, 43). In 2015, the unemployment rate for youth with advanced education was 56.7 percent, compared to 14.9 percent for youth with basic education. A 2012 labor survey conducted by the International Labor Organization (ILO) shows that “university level graduates have the highest rate of unemployment in the youth bracket at 34 percent, compared to 2.4 percent among youth with less than primary level education (Abdel Ghafar 2016). In Tunisia, unemployment rates among university graduates rose steadily from the mid-1990s to the late 2000s, from 3.8 percent in 1994 to 29.2 percent in 2011 (Weipert-Fenner and Wolf 2016).

In Egypt, Tunisia and Morocco alike, the state’s adoption of neoliberal economic reforms and inability to meet earlier promises of guaranteed employment for college graduates increased grievances (Wickham 2002, 46; Sater 2010, 99). These grievances were central to the emergence of unemployed graduates’ associations in Tunisia and Morocco (Weipert-Fenner and Wolff 2016). However, while similar grievances existed in Egypt, no unemployed graduates’ associations were established, illustrating how grievances alone cannot explain mobilization.

Opportunities and resources

Opportunity-based arguments are also insufficient in explaining variation in the emergence of unemployed graduates’ associations in Morocco, Tunisia, and Egypt. From a political standpoint, all three countries were ruled by authoritarian regimes, making mobilization costly and risky. In fact, Tunisia’s unemployed graduates’ union (Union des diplômés chômeurs, UDC) was established under politically repressive conditions under Ben Ali’s rule. The organization did not gain legal recognition until after Ben Ali’s ouster, and its members were subject to routine repression. In contrast, Egypt experienced some political opening in the early 2000s, characterized by increased protests and the emergence of movements such as Kefyaa (Enough). Despite this, mobilization around issues of unemployment was largely absent. Again, we see that variation in the emergence of unemployed graduates’ associations cannot be explained through political opening.

Another opportunity-based argument focuses on the presence of allies, such as unions. The experience of unemployed associations in Tunisia and Morocco supports the claim that existing organizations, such as unions or parties, can support resource-poor movements like the movement of unemployed university graduates. However, while the presence of these allies might facilitate the activities of unemployed graduates’ associations once formed, it is not clear that their presence is sufficient for explaining their emergence.

Finally, if we focus on the presence of pre-existing networks among activists, all three countries had active student unions. This would have provided readily available
networks for the organization of unemployed graduates.

*French colonial legacy?*

Another potential explanation for the variation in the emergence of unemployed graduates' associations has to do with the fact that Tunisia and Morocco share a history of French colonialism, while Egypt does not. Given that mobilization around unemployment is common in French history and that Leftist ideology is prevalent in French unionism, it is possible that French colonial legacy influenced the establishment of unemployed graduates' associations in Tunisia and Morocco. However, this legacy cannot fully account for variation across North Africa. First, it is puzzling that Algeria, a French colony for over 100 years, only witnessed the emergence of an association for the unemployed in the context of the Arab uprisings of 2010 to 2011.

Second, while French colonialism played an important role in shaping the formation of trade unions in Tunisia and Morocco, the models of unionism that emerged in both countries differ greatly. Whereas most Tunisian workers are represented through a single national confederation, Morocco has a pluralistic trade union scene. In addition, trade unions are closely allied to political parties in Morocco, leading to high levels of competition and fragmentation.

*Unemployed graduates' associations in Morocco and Tunisia*

Unemployed movements in Tunisia and Morocco centered primarily on the activism of university graduates. In Morocco, unemployed MA and PhD holders have been mobilizing since the mid-1990s. The National Association of Unemployed Graduates of Morocco (ANDCM), established in 1991, was the first organization of its kind in North Africa. In Tunisia, the UDC was formed in 2006 but only gained legal recognition in 2011, after Ben Ali's ouster. The organization grew out of local initiatives, starting with the Committee to Defend Unemployed in Gafsa and eventually played an active role in the 2008 mining basin revolts in Gafsa (Weipert-Fenner and Wolff 2016). When the UDC was formed in 2006, it only had a few hundred members (Weipert-Fenner and Wolff 2016). In the period immediately following Ben Ali's ouster, the UDC's membership grew exponentially to 50,000 members (Interview with UDC activist, May 2017). This number has declined significantly since then.\(^1\)

From a social policy perspective, the emergence of these organizations has brought the issue of educated unemployment to the foreground of public debate and policy discussions. In Morocco, as early as 1997, government officials negotiated with activists over recruitment agreements. In addition, "the Ministry of Employment and Vocational Training began to develop specialized training and job-creation programs, which are implemented to this day by the national employment agency (anapec)" (Thyne 2018, 103-104).

The Moroccan government's response to the February 20 Movement reflected its interest in discouraging the mobilization of unemployed university graduates and preventing them from joining the broader protest movement. The government thus created 3,400 new public administration positions (Thyne 2018, 107).

In Tunisia, the UDC's mobilization has similarly brought increased government attention to the issue of unemployment. However, its organizational weakness has hindered its capacity to exert pressure on the Tunisian government and demand changes to its recruitment policies.

In both Tunisia and Morocco, unemployed graduates' associations have their origins in student union networks. In both countries, the mobilization of unemployed graduates grew out of a Leftist, Marxist tradition of student activism in the UNEM (Union Nationale des Edudiants du Maroc) and UGET (Union General des Edudiants de

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\(^1\) Weipert-Fenner and Wolff (2016) estimate that the UDC currently has 2000-3000 active members.
Tunisie), respectively. Despite the fact that student unions in both countries witnessed the rise of Islamic activism in the 1980s and 1990s, a strong Leftist tradition remained. In both countries, it was Leftist activists who pioneered the unemployed graduates’ movement. Members affiliated with the Islamist current eventually joined the ranks of the movement but did not play a leading role in the initial formation of unemployed graduates’ associations.

In Morocco, and Tunisia, the UNEM and UGET served as training grounds for activists in the unemployed graduates’ movement and greatly informed their protest tactics. Equally important, however, both the UNEM and UGET were dominated by Leftist currents at key junctures in the movement’s trajectory in both countries.

The UNEM had a militant history and was a stronghold of Leftist activism into the 1990s when the Islamist Adl wa al-Ihsan group gained some ground. As Badimon argues, the founding members of the ANDCM had been socialized in the UNEM in the 1960s and 1970s (Badimon, 82). Indeed, the pioneers of both the Moroccan and Tunisian associations of unemployed graduates had a Leftist or a Marxist-Leninist background (Badimon) and were active in student unions.

Crucially, this Marxist-Leninist background provided the basis for developing a natural connection between student activism to the mobilization of the unemployed:

Marxist-Leninist university student unionism defined students who came from proletarian backgrounds as the ‘vanguard’ of the revolution, and their natural space of political intervention was the university. With this ideological frame, the mobilization of the unemployed represents to the graduates the same thing that unions formerly represented to the students (87)

Tunisia’s experience parallels that of Morocco. Not only did the UDC have its roots in a tradition of Leftist-oriented student unionism within the UGET, its pioneering activists saw unemployed organization as a natural sequel to student activism:

Like the student union, the UDC was clearly leftwing: Joining the trade union federation was regarded as the logical continuation of activism within a political camp, with the UDC serving as a bridge from student to worker activism (Vatthauer and Weipert-Fenner 2017, 23).

This ideological framework also proved critical in framing the mobilization of unemployed university graduates as a class issue that could only be solved through state intervention. Crucially, both the UDC and the ANDCM developed a rights-based frame around the issue of unemployment and viewed the problem of graduate unemployment in class terms. In its 1991 founding congress, the ANDCM explicitly formulated the concept of “right to work” and expressed unemployment among university graduates as a “class phenomenon” and structural problem that requires state action (Badimon). This framing is critical because it enabled activists to portray the problem as one that could not be solved through individual initiatives. Instead, it required collective mobilization with a clear target—namely, the state.

A similar dynamic is at play in Tunisia, where UDC members “claim a right to work they never enjoyed” (Weipert-Fenner and Wolff 2016, 6). “In their understanding, this right is violated if they are forced to work in the informal sector, have only a temporary contract in the formal sector or a job that does not fit their level of academic education. The UDC, thus, rebels against the broken promise that higher education is a guarantee for social mobility and a life with dignity” (2016, 6).

Egypt: The Muslim Brotherhood’s solution to graduate unemployment

Unlike Tunisia and Morocco, where Leftists enjoyed a strong presence in student unions when grievances around graduate unemployment became salient, Egypt witnessed the rise of Islamic activism in student unions starting in the mid- to late- 1970s. Crucially, this coincided with the Mubarak regime’s efforts to “scale back the guaranteed employment scheme” in the early1980s (Wickham 2002, 46). Following the 1977 bread riots, many Leftist student
activists were jailed. “Sadat covertly encouraged the formation of Islamic student groups in this period as a counterweight to the left” (Wickham 2002, 116). By the late 1970s and early 1980s, Islamists dominated student unions in Egypt. “The Islamists’ electoral takeover of the student movement – which occurred at the faculty, university, and national levels – was especially striking in such faculties as Cairo University’s faculty of engineering, which had long been regarded as a fortress of the Left” (Wickham 2002, 116).

Despite greater security constraints on student activism in the 1980s and 1990s, Islamists continued to dominate student politics during those decades, especially in elite faculties such as engineering, medicine and science. Although this was due, in part, to the decline of the Left, it can be attributed to the success of Islamist mobilization (Wickham 2002, 117-118). “While their leftist counterparts dispersed among various splinter groups or exited politics altogether, the Islamist student leaders of the 1970s sustained their activism in the 1980s and early 1990s in the parallel Islamic sector, in which they converted neighborhood mosques, Islamic community and service organizations, and even private homes into sites of outreach to educated youth” (Wickham 2002, 118).

In Egypt, the Muslim Brotherhood responded to the problem of graduate unemployment by calling for the spiritual reform of the individual and society, and by offering an array of services to recent graduates. As Bruce Rutherford points out:

the MB appealed to many of these lower-middle class university graduates. Its emphasis on morality and honesty stood in sharp contrast to the growing corruption and cronyism within society. It also offered specific services to improve the lot of unemployed graduates, including job training, apartments, health care and emergency costs (2008, 84).

This spiritual frame was key to the success of Islamist mobilization in Egypt (Wickham 2004, Rutherford 2008). The Muslim Brotherhood’s message was particularly appealing to educated lower middle-class youth as it “portrayed Islam as the means to fundamentally transform the existing order” (Wickham 2004, 238). In addition to the material benefits of participation, Wickham stresses the psychological and emotional appeal of participation in Islamic networks (2004, 234).

Because Islamist activists dominated Egyptian student unions when educated unemployment emerged as a salient grievance, they failed to provide an ideological foundation for the mobilization as Leftists did in Tunisia or Morocco. Nor did Egyptian Islamists frame the issue of graduate unemployment in class terms. Instead, Egyptian Islamists engaged with the issue of graduate unemployment as a symptom of a morally corrupt political order and posited the vision of Islamic rule as an alternative to this order.

**Conclusion**

Variation in the emergence of unemployed graduates’ associations in Tunisia, Morocco, and Egypt cannot be easily explained through the conventional focus on grievances and opportunities. Instead, I highlight the importance of a strong Leftist-oriented tradition of student activism at the time that grievances about graduate unemployment became salient as an alternative to existing explanations. Whereas in Egypt, Islamists had dominated student activism at the height of grievances around graduate unemployment, both Morocco and Tunisia featured strong traditions of Leftist student activism. It is no coincidence that the pioneering activists of unemployed graduates’ associations in Tunisia and Morocco had a Leftist ideological background. This background was pivotal in framing activism by unemployed graduates as an extension of student activism as well as framing educated employment as a right. While Egypt featured pre-existing networks among unemployed graduates, these networks had been formed through Islamic activism. In contrast to Leftist activists in Morocco and Tunisia, Islamists in Egypt did not frame graduate employment a right nor did they seek to target the state in resolving the issue.
Bibliography


Social insurance reforms in Egypt: needed, belated, flopped

Markus Loewe (German Development Institute / Deutsches Institut für Entwicklungspolitik, DIE) and Lars Westemeier (University of Bayreuth)

Most governments in the Middle East and North Africa (MENA) spend considerable shares of GDP on their social insurance and transfer schemes that still perform poorly in terms of efficiency, equity, and sustainability. This is partly because the energy and food subsidy schemes that dominate social policy spending benefit rich households much more than the poor. However, social insurance schemes in MENA also target the rich and middle classes rather than the poor and tend to suffer from high administration costs, low investment efficiency, and elements of regressive redistribution.¹

Nevertheless, until recently, no country in the region has embarked on systemic reforms in its social policies. Jordan and Tunisia did during the 2000s, and in Egypt, reforms were not taken up until President Mubarak appointed Ahmed Nazif as prime minister in 2004. “Hidden retrenchment” (see El-Meehy in this volume) does not adequately describe the phenomenon as Egypt’s social insurance schemes continued to operate – for better or worse – much as they had always done since being set up. The government simply did not dare to touch the issue.

When the Nazif government finally drafted concrete reform plans in 2006, they were heavily criticized by parliament, the mass media, and academia. Non-government organizations (NGOs) started a judicial trial against the plans and won in 2008. The pension reform plan, in contrast, was enacted only briefly before it was revoked for a “lack of social consensus.” Only in late 2017, President Sisi was able to push through at least a public health insurance reform.

This memo discusses why the Egyptian government – despite its authoritarian character – did not dare to embark on social policy reforms for so long and why NGOs were able to obstruct the reforms that the government finally did work out in the late 2000s. I will then examine why the government under President Sisi faced comparatively limited resistance and was able to enact some public health insurance reforms.

The memo aims to provide insights into the process of social policy-making and institutional change under authoritarian rule. I argue that because reforms in social policy always produce winners and losers, they can be extremely sensitive, even for authoritarian regimes. Political regimes that legitimize their rule by their performance, e.g. in improving the social and economic well-being of citizens, as most MENA governments did during recent decades are particularly sensitive to changes.

Reforms in social insurance legislation are critical because they affect, almost by definition, primarily the urban middle classes, who are normally the main beneficiaries and risk to suffer most from any reform. At the same time, however, urban middle classes have also traditionally been the main clientele and allies of political regimes in MENA societies – not least because they tend to be better equipped to understand the impact of policy changes, form opposition, and organize resistance.

Social insurance reforms can thus undermine the stability of political regimes unless they are able to:

- convince relevant social groups – especially urban middle classes – that reforms are necessary and better for everybody than the status quo – at least in the long

¹ For example, many social insurance schemes in MENA have minimum pension rules, which benefit social insurance members with below average earnings. These are, however, lower middle class people rather than the poor, because the very poor are typically not covered at all by social insurance. The costs of these provisions are born by the government budget, which is mainly financed by indirect taxes, and these are paid by all consumers. Hence, the very poor contribute to the funding of a social policy element that benefits middle class people only. See Loewe, 2013b; and Loewe, 2018.
term;

- compensate at least the most influential social groups – again, typically the urban middle classes – for any loss they incur through the reforms; or

- repress civil society to prevent resistance.

This memo illustrates how Egypt’s government under President Mubarak had to abandon both its social pension and health insurance reform plans, because it failed to convince the urban middle classes of the necessity of reforms, it could not afford to compensate them for possible losses, and did not try to repress them. In addition, the government was undecided about the main goals and elements of a reform and, therefore, far too reticent and defensive in the communication of its plans, quickly losing control over the public debate.

Under President Sisi, in contrast, the Egyptian government made clear from the beginning that it was determined to reform at least social health insurance. It was able to convince parts of the population of the necessity of reforms and did not allow any time or space for controversial discussions on its reform plans. Right from the start, the government argued that any opponent was jeopardizing not only progress in social policies but also the unity and stability of the nation.

The memo is based on our analysis of research, policy, and print media documents as well as telephone interviews with key witnesses of the policy processes.²

Social insurance in Egypt

Immediately after the 1952 revolution, the Egyptian government started to build up, step by step, an ambitious social insurance system in terms of people and risks covered. The last step was completed in 1980 with the institution of a social insurance scheme covering all workers not otherwise covered by either the “general social insurance schemes” (established in 1975) or the “social insurance scheme for employers and self-employees” (established in 1976). Egypt, thereby, became one of the first countries outside the OECD world to achieve comprehensive social insurance coverage, at least on paper.³

In practice, however, Egypt’s social insurance system benefitted mainly employees and workers with permanent employment contracts in the formal economy, i.e. the urban middle class. The system is highly fragmented, offering different benefit packages to different segments of the labor force, with comprehensive health insurance offered to formal sector employees only. These employees are entitled to free medical treatment in all hospitals and clinics of the Health Insurance Organisation (HIO). While all residents can use the separate national health system, which is run by the Ministry for Health and Population (MOHP). It suffers, however, serious deficits in terms of quality, hygiene, and equipment. Effectively, this means that 41 percent of the population, particularly low-income, informal sector workers, are without real health protection.⁴ Likewise, the different pension schemes also differ significantly in terms of benefit levels. Large parts of the population do not comply with either scheme because they are unaware of their rights or do not perceive enrolment beneficial for them.⁵ From 1998 to 2012, the effective coverage rate of all schemes has declined from 51 percent to 41 percent.⁶ This is partly due to the decline in public sector jobs and rise of informal employment.

In addition, Egypt’s pension and health insurance schemes are inefficient and unsustainable. The pension

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² Due to the sensitive nature of these topics and to preserve confidentiality, those interviewed were promised not to be mentioned by name.
³ Loewe, 2010.
⁴ Loewe, 2013a.
⁵ Loewe, 2014.
⁶ El-Moudden et al., forthcoming.
schemes invest their reserves at low, sometimes negative real interest rates. They offer overly generous minimum pensions and early retirement options. And members can easily manipulate the level of their pensions, which depend only on the contributions paid during the last two years before retirement. Many employees agree with their employers to underreport salaries during most of their work lives (to lower the contributions paid by employee and employer), while overstating salaries during the last two years (to maximize pensions). As a result, Egypt’s pension schemes will soon spend more on pension payments than they generate from members’ contributions.

Egypt’s health insurance schemes are already in deficit. Almost a quarter of HIO’s budget is financed by the central government even though only about half of the population has access to its services. Administrative costs account for 19 percent of total spending. Many patients also go directly to HIO hospitals even though their health problems could also be dealt with at the primary health care level, where services are cheaper. As a result, secondary and tertiary health care account for 56 percent of HIO expenditures while primary health care accounts for only 18 percent. In addition, preventive care is neglected, and staff recruitment focuses on physicians, particularly specialists, rather than nurses, midwives, and therapists.

At the time, large parts of the population as well as policy makers agreed that reforms were due but for very different reasons and with different goals. The Ministry of Insurance and Social Affairs (MOISA) was, first of all, interested in extending the effective coverage of social insurance to additional groups of employees, while NGOs and political opposition parties focused more on improving the quality of social insurance benefits. The Ministry of Finance (MOF), in contrast, was mainly concerned with cost containment and the long-term financial sustainability of the pension schemes, as were foreign donors such as the World Bank, USAID, and the European Commission.

In 2006, the government published a first draft pension reform law, which was discussed and heavily criticized in the mass media but passed parliament in June 2010 after an extensive debate and a just few modifications as Law 135. It provided for the establishment of a new pension system in Egypt covering all labor market entrants. Members of the old system were meant to have a choice to stay in the old or change to the new system.

The main features of the new system would have been:

- Lower contribution rates than in the old system, but without any upper ceiling so that contributions were to be paid on all labor income;
- The government was to pay 15 percent of the contributions of informal sector workers;
- The pension insurance organization could invest up to 40 percent of surpluses on the capital market rather than buying government bonds; and
- Pension levels were computed from all contributions ever paid into the system, accounting for the remaining life-expectancy of pensioners so members no longer

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7 In high-income countries, administration costs of non-contributory public health schemes range between 2 and 4 percent, while those of social health insurance schemes are somewhat higher (up to 7 percent), cf. OECD (2017). In middle-income countries, however, administrative costs range between 8 and 16 percent even for non-contributory public health schemes, cf. WHO (2010).
8 Loewe, 2013a; Loewe and Jawad, 2018.
had any incentive to retire earlier than necessary or to manipulate income declarations.10

Pensioner associations, trade unions, and many journalists accused the new law of privatizing the public pension scheme and shifting all risks to pensioners.11 Indeed, it would have taken away several privileges of employees and workers with unlimited term contracts, for example generous early retirement options and the possibility to manipulate income declarations as described above. And at the same time, other social groups would have benefitted from the reforms. Low-income earners and informal sector workers would have benefitted from the extension of coverage and the reduction of contribution rate, while the business elite would have benefitted from the investment of pension scheme surpluses on the capital market.

As a result of the public outcry, the government paused implementation of the pension reform law for several months. And in January 2011, it was overrun by the uprisings. In late 2011, the interim military government put the reform law officially on ice. By 2013, newly appointed President Sisi repealed the law entirely with the justification that it lacked sufficient social consensus.12 So far, the initiative has not been taken up again.

**Attempts to reform health insurance schemes**

Initiatives to reform Egypt’s social health insurance system followed a similar path during the Mubarak era but were taken up again later by President Sisi.

In 2005, President Mubarak promised publicly to achieve universal health protection by 2015, and he commissioned the MOHP to draft a reform law accordingly. However, just like in the case of pension reforms, different ministries had contrasting understandings about the main goals of such reforms. The MOHP was primarily concerned about the fragmentation of the health sector and the fact that some population groups enjoyed better health care than others, while the MOF aimed at improving the cost recovery rate. At the same time, NGOs lobbied mainly for improvements in access to and quality of health care.

As a result, the government was reticent and defensive in the communication of its reform plans, losing control of the public debate at an early stage. It did not publish the first draft reform law, which was meant to be discussed within government and parliament only. However, the draft was leaked and slammed in the mass media even before the government had the chance to explain the rationale of its plans. As a result, the reforms were associated with neoliberalism and the interests of the business elite from the beginning. Foreign donors were accused of having imposed reforms on Egypt.

The MOF rejected the draft reform law in December 2007, arguing that its implementation would be much too expensive.13 Hence, the MOHP drafted a revised reform law until March 2008. Like previous versions, the new draft aimed primarily at integrating all Egyptians into social health insurance. However, in contrast to the first drafts, the new one restricted its cover to a “basic benefit package” and introduced co-payments for patients (25 percent on health care, 33 percent on medicine). In addition, it provided for a splitting of HIO into a social health insurance company and a health service provider that would have to compete with private providers.14

The idea of splitting HIO and introducing co-payments were heavily criticized as a means of creeping privatization and the exclusion of low-income groups. Protests came from opposition parties (e.g. Tagammu’), civil society organizations (e.g. the Committee for the Defence of the

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10 Sabreen and Maait, 2011.
12 Salem, 2013.
Right to Health), trade unions and professional unions (especially the medical syndicate) – all known as advocates for the interests of the urban middle class.

Finally, the NGO Egyptian Initiative for Personal Rights (EIPR) filed a suit against the draft law, and in September 2008, the Court of Administrative Justice suspended the draft law arguing that the government could not transfer the hospitals, clinics and related companies of HIO to a private holding company. These assets belonged to HIO contributing members rather than the government.

The court’s decision is notable, first, because it was brought about by a relatively small NGO and, second, because it was made at a time when the Egyptian judiciary’s independence had already become questionable.

But the government formulated another draft law in October 2009, which was leaked again by a newspaper and also heavily criticized by NGOs, while EIPR started another lawsuit.

In order to prevent another defeat in court, the MOHP revised the draft again. The ministry stressed that the new draft exempted the lowest earning 20 to 30 percent of the population from co-payments and that many chronic diseases were now covered by the social health insurance. Nevertheless, few policy makers backed MOHP anymore, and the initiative was completely ended in 2010.

Little happened in the first years after the uprisings in 2011. President Morsi announced a reform initiative but never started it. During 2014 to 2015, President Sisi issued several decrees without prior announcement on the extension of health insurance coverage to additional population groups (children under 6, female-headed households, farmers) and to include 17 more diseases. He increased the government’s subsidy to HIO from 106 to 326 million USD and commanded that emergency health care was free of charge for everyone within the first 48 years. But no systemic reform was started.

This changed unexpectedly in November 2015 with the announcement of yet another reform initiative by President Sisi. Within just two years, a new reform law was drafted, approved by the government and adopted by parliament. This time, only a few protests occurred and there was no lawsuit. Enactment is scheduled for the first half of 2018.

The new law is similar in many aspects to earlier drafts but it provides for a gradual implementation of reforms (starting with poorer governorates and ending with Cairo and Giza) during a period that extends until 2032. After implementation, all households will have to pay contributions (1 to 4 percent of labor income above 170 and below 525 USD per person and year) to HIO. Also, the health systems of HIO and MOHP will be merged, but private providers have the option to offer the same services at the same price. Primary health care facilities are scheduled to be upgraded. And co-payments will be charged for secondary and tertiary health care.

Apparently, President Sisi had learned several key lessons from previous reform attempts:

He ensured that the entire state apparatus was committed to the reforms and had a broad consensus on its goals. There appeared to be no discussion whatsoever on the law within the state apparatus or in public before or after it was published;

The necessity of the reform and its goals were communicated long before concrete reform plans were

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15 Sakr, 2007.
16 Sakr, 2008.
17 Ezzat, 2015.
18 Westemeier, 2018.
19 Sedky, 2017.
published so that some popular support for the reform could emerge;

The reform law was pressed through the legislative process at a speed that did not allow opponent NGOs to organize any protest or legal suit; and

Relevant NGOs were threatened in such a way that they did not dare any more to challenge the government.

After the turbulent period between 2011 and 2013, many Egyptians were afraid of further unrest and reluctant to criticize the government, which portrayed itself as the savior of the country and guarantor of stability. President Sisi repeatedly stressed that his policies were essential for the stability of Egypt and that Egyptians only had to look at the fate of Syria, Yemen, or Libya to see what instability could bring. In such an atmosphere, the government no longer had to carefully heed of the interests of single social groups – not even its former key clientele, the urban middle class.

Conclusion

The case of social insurance reforms shows that relations between the government and society have changed fundamentally in Egypt. In the past, the government felt obliged to consider the effects of reforms on social groups, in particular the urban middle class – at least in sensitive fields such as social policies. It used to legitimize its rule, among other ways, by its performance in improving the socio-economic situation of citizens. Since the accession to power of President Sisi, however, the government legitimizes itself mainly by the provision of stability and security rather than social benefits. In addition, it uses more repression to safeguard its rule. It seems that a new form of authoritarianism has come into being, in which the government is less reluctant to implement even very unpopular reforms.

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Power, culture, and pensions in Egypt

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Despite massive mobilization around social justice during the January 25th uprising, Egypt’s current social policies show strong patterns of continuity and few changes from the Mubarak era. In fact, successive reforms reduced food subsidy benefits and cut leakage to unintended groups without significantly undermining universal access to the system, a hallmark of the country’s welfare regime. Despite the launching of two new, targeted cash transfer schemes, Takaful and Karama, social assistance, on a non-contributory basis, has continued to represent a marginal component of the state’s overall social expenditure and its safety net’s coverage. Contribution-based social insurance schemes, nonetheless, have recently witnessed significant developments. Aside from the issuing of health insurance reforms addressed elsewhere in this collection, ambitious semi-privatization of old age pension schemes was reversed following the ouster of Mubarak’s regime. In fact, the short-lived 2010 pension reforms – which sought to structurally transition Egypt’s old age pensions from a defined benefits system, financed on a “pay-as-you-go” basis, to a defined contributions notional accounts funded system – were nullified by transitional authorities post-uprising. Instead, under Sisi, reform initiatives have focused on more limited parametric reforms. Cumulatively, welfare policy changes in recent years have fallen short of restructuring social policy-frameworks, or explicitly overhauling the structural foundations of Egypt’s welfare regime, which I label insurance-based egalitarian regime (see El Meehy 2010).

This memo focuses on one specific dimension of welfare reforms, namely contribution-based old age pensions. I seek to explore the underlying dynamics that have shaped the pension reform process in Egypt pre and post uprising. The welfare state literature often stresses path dependency and longevity of pensions policies in developed countries due to the influence of well-organized interest groups and beneficiaries’ associations that resist changes to the prevailing policies and entitlements. In contrast, I argue that, in Egypt’s context, pressures from civil society and pensioners’ associations played a limited role in shaping pension reform outcomes. Rather, the regime’s own power maintenance logic and cultural norms of citizenship shaped the acceptable contours for policy reforms, which were instigated by concerns over financial sustainability of pension funds. The memo draws on in-depth interviews with current and former officials in charge of the social insurance and pension fund, senior decision-makers at the Ministry of Finance, and specialized technocrats, who were involved in drafting reform bills.

Context: Egypt’s insurance-based egalitarian welfare regime

The beginnings of Egypt’s contemporary welfare regime dates back to the period between 1936 and 1951, which witnessed the enactment of the country’s first social security legislations and the expansion of the state’s direct involvement in the social arena. Influenced by the ILO, income security was promoted through “forms of risk-pooling and/or saving that are dependent on employment,” as opposed to citizenship-based social assistance. The pursuit of an etatist development model, based on import substitution-based industrialization, nationalization, and public employment policies, facilitated the rapid expansion of employment-based benefits. Since

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1 Under defined benefits-PAYG schemes, the contributions of current active members are used to pay the pensions of those who are currently retired, and the benefits are determined as a defined percentage of the average monthly wage earned in the last few years before retirement. Under defined contributions notional accounts funded system, the insured pays a defined contribution of monthly wages, which upon retirement finances a pension benefit partially calculated on the basis of accumulated savings, life expectancy, and market interest rates.

2 Welfare schemes were successively adopted in 1936, 1942, and 1950. In later years, there were various attempts to consolidate social insurance schemes and introduce coverage for: the self-employed (1976); casual workers (1980); and workers employed abroad (1973).

3 Ibid. 13.
the adoption of Arab socialism tied the state’s legitimacy to the enactment of “social rights,” ideological dynamics created a momentum to extend coverage to new groups and eventually expand egalitarian universal benefits such as subsidies on food (see contribution on social insurance expansion).

Over time, the country developed a well-established social insurance system that gradually expanded beyond the urban working class to achieve one of the highest labor market coverage rates in the Middle East and North Africa. Indeed, coverage is estimated to range from 39 percent (Sieverding 2016) to 60 percent (interview with Mohamed Maait) and even as high as 65 percent (World Bank figures from Robanilo 2005, p54). With growing informalization of labor market, however, there are signs of declining trends in effective coverage, particularly among youths.

In order to promote equitable outcomes, Egypt’s insurance-based system traditionally incorporated a modest upper ceiling on pensionable salaries. Although social insurance schemes are co-financed by the employer, the beneficiary, and the public treasury, which contributes 1 percent of the annual pensionable salary regardless of earnings levels, a modest upper ceiling on monthly earnings for contribution and benefit purposes is set at LE 3852. Given that salary levels typically exceed the maximum monthly salary this feature of the social security system serves to moderate inequality.

As far as benefits are concerned, the system has been characterized as “one of the most comprehensive in Africa and the Arab World,” encompassing old age, disability, maternity, health, and unemployment benefits. However, the system is stratified with five occupationally based social insurance schemes, extending varied legal benefits and differential coverage of risks. The largest of which is pension scheme established by law 79/1975, which unified coverage for all government, public, and private sector employees who are subject to the labor law provisions. Beneficiaries of this scheme represented more than half of all pensioners and the bulk of contributors.

Finally, Egypt’s welfare regime traditionally incorporated marginal social assistance schemes that, unlike pensions, extended means-tested support to the poor on a non-contributory basis. However, the country’s insurance-based system was supplemented by a universally accessible food subsidy system that, I argue, constituted a significant egalitarian component of Egypt’s welfare programs. Indeed, until the onset of retrenchment in the 1990s, public expenditure on the subsidy system and the welfare regime as a whole surpassed indirect taxes that predominantly affect the poor (for discussion see El Meehy 2010).

**Pension reforms under Mubarak**

Mubarak’s regime maintained Egypt’s pension policy framework with mild waves of reforms in the 1980s and 1990s aimed at adjusting benefits to improve coverage and to keep up with inflation levels. In the early 2000s, however, neoliberal-minded reformers within the ruling National Democratic Party led by Boutrous Boutrous Ghali spearheaded a pensions restructuring campaign focused on old age benefits. The existing system was criticized

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6 On the food subsidy system, see Karima Korayem, “Food Subsidy and Social Assistance Programmes in Egypt; Assessment and Policy Options,” CROP Poverty Brief March 2011.
7 I use the term as defined by Paul Pierson in his influential study Dismantling the Welfare State? to refer to “policy changes that either cut social expenditure, restructure welfare state programs to conform more closely to the residual welfare state model, or alter the political environment in ways that enhance the probability of such outcomes in the future.” p41
as both financially unsustainable and regrettably biased against lower income groups who pay higher contribution rates from their wages. The former criticism relates to the poor management of pension funds, which fell under National Investment Bank before their official transfer to the public treasury in 2006. Indeed, old pensions, according to one of the architects of the reforms, did not accrue interest, instead they were often used to cross-subsidize pensions for military personnel and social assistance schemes, or finance infrastructure development yielding little profit (interview August 1, 2011). This eventually led to a shortage of funds and growing public debt by successive governments to the pensions funds.

The World Bank advocated overhauling the long prevailing pay-as-you-go system that provides defined benefits to retirees to establish a Notional (non-financial) Defined Contribution System (NDC), along the lines of the Chilean model. Neoliberal reformers in Egypt, however, were skeptical about introducing a NDC system that had been implemented in very few countries and was perceived as politically viably. Alternatively, they developed a hybrid multi-pillar model combining NDC with a financial defined contribution schemes. Starting 2013, new labor market entrants would designate between 65 and 80 percent of their pension contribution to the NDC scheme, which guaranteed annual interest return equivalent to the interest rate on government bonds and Treasury bills. The remaining 20 to 35 percent would be designated to the Financial Defined Contribution (FDC) scheme, whose balance would be invested in a diversified portfolio and assigned average rate of returns on total invested FDCs. Investments for the new pensions were envisioned to absorb demographic and financial changes. Further, the switch to individual accounts was seen as creating incentives for people to save as well as encouraging stock markets activity. Also, the system was envisaged to include a social pension for all persons aged 65 or over, regardless of whether they had participated in the pension scheme. The minimum pension was set at 15 percent of the national average wage.

In addition to these changes, reform steps included a number of parametric changes. Employees’ contribution rate would be cut from 14 to 11 percent, while employers’ contributions would be reduced from 26 to 19 percent. The law eliminated the cap on pensionable salary, while also stipulating that pensions calculations were to be based on gross, rather than basic, salary levels. The law also provided for the regular adjustment of pensions for inflation, as long as the inflation rate is above 8 percent. And, controversially, the reform gradually increased the retirement age from 60 to 65 years by the year 2027.

Although the Mubarak regime created spaces for dialogue over pension reforms, mobilization and legal action by civil society actors opposed to the new system heightened the stakes in a highly polarized debate. According to the architect of the reforms, the government agreed to make a few amendments related to work injury compensation rates and the end of service indemnity during discussions in the Shura council in order to appease fears among the citizenry. In his words: “We made some amendments because how you package reforms is important,” (Interview with Maait August 11, 2011). These amendments, however, seemed to some extent reflect cultural values on social rights but did not necessarily reflect activists’ demands. For instance, they did not include key demands by pensioners’ associations such as maintaining retirement age at 60 or a provision for early retirement after 20 years of service. My interviews with pensioners’ associations and civil society activists indicate that, despite their mobilization in opposition to the legislation, they perceived their influence on the final bill as limited.

Pension reforms post-January 25th uprising

In the wake of January 25th uprising, a series of workers’ strikes and the establishment of Egypt’s first independent labor union brought labor rights to the forefront of social policy debates. The ability of unions and pensioners’ associations to advocate for policy change was curtailed.

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8 The old system was envisioned to continue covering existing subscribers for another 75 years, but members were to be given the choice to transition to the new system.
both by the establishment of a neo-authoritarian populist regime, as well as the emergence of splits within the ranks of both groups. Indeed, the two biggest independent unions – the Egyptian Federation of Independent Trade Unions (EFITU), which was established on January 30, 2011, and the Egyptian Democratic Labor Confederation (EDLC), established on April 24, 2013 – have still not succeeded in uniting their ranks. Despite efforts to amend the Trade Union Law and officially legalize the right to freely establish trade unions upon notification to the Ministry of Manpower since 2011, the bill has yet to be ratified, putting the unions in a legally precarious situation. As far as pensioners’ associations are concerned, serious splits in leadership have emerged over tactics and strategies to lobby the state for greater rights.

Despite the weakness of these groups, successive transitional authorities and the Sisi regime repeatedly raised pension levels. As a result, spending on pensions as a ratio to total social expenditure in the budget steadily rose from 2.4 percent in 2011 to 2012, to 5 percent in 2012 to 2013, to 8.8 percent in 2014 to 2015, and 12.4 percent in 2016 to 2017. Rising pensions spending arguably reflected the ruling regime’s efforts to consolidate support among pension beneficiaries, the vast majority of whom belong to the so called limited income groups, or state-linked lower middle classes.

The uprising also created a window for major policy reversals on earlier pension reforms. Following the June 30th mobilization and Mohamed Morsi’s ouster, Egypt’s interim president Adly Mansour officially rescinded law 135/2010, citing the lack of social consensus around the new system, even among employers, and the state’s commitment to social justice. The decision was again driven by attempts to win popular support and consolidate the regime’s hold on power.

In fact, changes to the pensions policy framework reforms have yet to materialize, although Egypt’s 2014 Constitution included an explicit clause on guaranteeing minimum pensions level. In fact, since Sisi’s accession to power, several draft bills to reform the pensions system were proposed for discussion in Parliament. In 2017, a drafting committee was formed that included a few representatives from pensioners’ associations along with concerned ministries, the army, and actuarial experts. Following six months of debate, however, the space for social dialogue about the direction of pension reforms was narrowed with subsequent discussions in Parliament and redrafting stages not involving civil society actors, including labor unions or pensioners’ associations.

Findings from my research indicate that the latest bill is expected to merge Egypt’s pension schemes into a single unified defined benefits system based on inter-generational solidarity principle. While official retirement age at sixty will be maintained, a series of parametric reforms will be introduced. For instance, in a bid to improve coverage and sustainability, pension benefits will be calculated based on average salaries in the last five years of contributions as opposed to the highest paying last two years as in the current system. Other changes include doubling the upper ceiling on insurable salaries as well as calculating benefits based on gross, rather than basic, salaries. With the increase in the salaries’ upper ceiling, the reforms will likely improve its coverage among higher earning employees, but it is likely to also result in greater differentiation along class lines. As minimum contributions for private sector workers would more than double from 162 LE to 400 LE, there may be less incentive for informal sector workers to opt into the system without specific measures designed to incorporate them.

In order to improve the scheme’s poverty alleviation effects, the reforms will legally stipulate annual raises in benefits corresponding with official inflation rates. Further, it is expected that a minimum monthly pension will be set at LE 750. Finally, the law envisions creating a new entity to autonomously manage pension schemes. It is not clear,

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9 Article 27 states: “The economic system is socially committed to ensuring equal opportunities and a fair distribution of development returns, to reducing the gaps between incomes by setting a minimum wage and pension to ensure a decent life, and setting a maximum wage in state agencies for whoever works for a wage as per the law.”
however, if the envisioned reforms will indeed effectively limit cross subsidization of the military pension schemes, or succeed in expanding coverage to a larger segment of the labor force.

Towards an explanation

The power maintenance logic of successive regimes has, to a large extent, shaped pension reforms in Egypt prior to and after the uprising. To varying degrees, cultural norms of social citizenship seem to have as well informed both rounds of pensions reforms. As for the unions and pensioners’ associations, my analysis shows that they were neither fully included in either of the reform processes nor will they capable of exercising enough leverage over the direction of reforms.
The Saudi ‘Social Contract’ Under Strain: 
Employment and Housing

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Around 60 percent of Saudis are under the age of 30. Finding jobs and housing for this youthful population is placing great strain on the existing social contract based on government use of oil revenues to provide social welfare. In early 2017, one IMF official pointed out that unemployment among Saudi nationals was already high at around 12.8 percent, with the young population still growing. The employment crisis could be exacerbated by the expanding level of formal education among young Saudis. As Hertog observes, advanced education has allowed a temporary “parking” of young people, many of whom would otherwise be unemployed, but who will soon be entering the labor force. In particular, the lack of affordable housing is a major cause for concern. In May 2017, approximately 1.6 million Saudis were on waiting lists for government housing programs.

As part of a broader package of reforms, and in response to the 2014 oil price decrease, the Saudi government, led by Crown Prince Mohammed bin Salman, introduced Saudi Vision 2030, which aims to diversify the oil-reliant economy and impose fiscal restraint. However, for Saudis accustomed to government largesse, such changes may be challenging. Analysis of the impact of falling revenues on the social contract has focused predominantly on elite level perceptions. Very little is known about the layman’s perspective, in particular the views of young Saudis, on the critical issues of employment and affordable housing. This paper, based on qualitative research conducted across Saudi Arabia in 2016 to 2018 in the form of approximately 45 focus groups with hundreds of young Saudi men, discusses young Saudi male attitudes. It finds a complex mix of attitudes that will shape the political reception of any new Saudi social policy initiatives.

Employment

Saudi commentators frequently warn that the high rate of youth unemployment constitutes a pressing matter. Many young men question how widespread unemployment is even possible in a wealthy country such as theirs. In 2016 to 2017, it frequently took six months to a year to find a job—if the young man was lucky—although for students with low grade point averages (GPA) the process was often longer. For instance, one civil engineering graduate said that in his field many engineers and architects have been unable to find jobs as construction was downsized by 30 percent in 2016. A King Saud University (KSU) finance graduate remarked that while jobs are available, competition for positions has increased significantly. However, a young university lecturer in al-Ahsa maintained that the real issue is not competition, but rather that young Saudis have not been educated to accept new socio-economic realities. The challenge of finding a decent job is also exacerbated by a nepotistic hierarchy, or wasata, that privileges connections over qualifications. Indeed, there is general agreement that the low oil-price and subsequent economic downturn has aggravated wasata in all regions of Saudi Arabia.

Nonetheless, unemployment is not uniform across the kingdom. Many who live in peripheral regions such as Asir, Qassim, and Najran Provinces complain that there are few job opportunities due to a lack of industry, companies and job creation schemes away from the main urban centers of Riyadh, Jeddah, and the Dammam-Khobar-Dhahran conurbation. Therefore, many young men are obliged to leave their hometowns to find work in the large cities. Moreover, a focus group in Qassim told me that the government needs to create more, better paid regional jobs, because, for the time being, salaries remain low in their provincial hometowns. However, applying for a position in one of the main cities can also prove problematic. A young man from Abha claimed that job applicants from his hometown are often contacted by the human resources manager of a company in the late
afternoon and informed that an interview is scheduled for early the next morning in Riyadh. Naturally, it is extremely difficult to get to the capital at such short notice, but this young man claims this “happens all the time and is a way of ‘blocking’ people they do not want from the provinces.” Paradoxically, for residents of the principal cities, jobs and housing shortages are exacerbated by large-scale migration of jobseekers from the provinces.

Regardless of regional differences, employment is a key way that many young men judge the government, particularly those who believe that it is the government’s duty to provide everyone with a job. Accordingly, discussing employment prospects is one of the “hottest topics” in young men’s social circles especially as the labor market is being flooded with large numbers of domestic graduates as well as those returning home from the King Abdullah Scholarship Programme, which sponsors young Saudis to study abroad, primarily at US, Canadian, UK and Australian universities.

Additionally, according to multiple focus groups, most young men are looking for a “job for life” that is a position in the public-sector (or with a major corporation) whereby the individual is guaranteed a lifelong salary plus accompanying benefits such as healthcare for himself and his family. While this may have been the norm in their fathers’ generation, holding out for such a nonexistent job may prompt them to pass by other forms of employment. Young Saudi men also worry about employment, because their futures and making a good marriage depend on finding a reasonably well-paid job for life, usually in the public-sector. Indeed, there is widespread consensus that a secure, well-paid job is important for a young man’s marriage prospects, as it guarantees a stable future. For many, a career is not the main goal, but rather a means to family security. Even though an individual might get a first job in the private sector, subsequently he will try to move into the public sector or to a company such as Aramco, as this will increase his chances of a good marriage. Consequently, the importance of being able to make a good marriage cannot be underestimated, highlighting as it does the necessity of understanding the Saudi socio-cultural context.

Because the low price of oil has reduced “job for life” opportunities, the government must address youth concerns by providing wider employment opportunities in particular in the private-sector as well as weaning young men away from desiring a job for life. Nevertheless, although job opportunities do exist for young Saudis, employers in the private sector frequently offer unattractive salaries and long working hours. One young man I spoke with said that young Saudis are willing to work hard, but not for a pittance. In the eyes of many young men, it is the government’s responsibility to encourage young Saudis to enter the private sector by guaranteeing job security and decreased working hours. Greater acceptance of private sector employment will only occur if there is a clear political will from the government to increase public trust in it.

Yet changing the public mentality is problematic, because many young men prioritize income level over motivation or career aspirations. According to several focus group, this mentality will have to be “rethought”—young Saudis have been protected for too long—and without viable educational reform the current socio-cultural mentality will continue. Jones, Punshi and Gupta highlight this lack of urgency among the jobless, illustrating how many young men are prepared to wait for several years for the “ideal job,” and prefer to remain at home, rather than accept an entry-level position. Additionally, Ramady observes that for social reasons many young Saudis do not consider themselves “unemployed” while looking for work and remaining dependent on their families.

In 2011 the Ministry of Labor (MoL) launched the Nitaqat (“Ranges”) initiative to replace the existing Saudization program. The initiative aims to increase the mandatory employment ratio of Saudi nationals to expatriate employees in the local workforce, particularly in the private sector. Whereas the former Saudization program required all employment sectors to enforce a blanket quota of 30 percent nationals, Nitaqat has more flexible rules that are dependent on the size of the company. The then Labour
Minister Adel Fakeih (and former Minister of Economy and Planning) claimed the new system was more dynamic than its predecessor because it derives its nationalization quotas from actual business performance. However, Fakeih acknowledged that the size of the Kingdom’s youthful population was exerting pressure on the labor market due to the increased numbers of young Saudis trying to enter the workforce. Still, many young men do not think that Saudization/Nitaqat has been implemented “in the right way.” If the program had been realized correctly, from their perspective, then unemployment might have been brought under control, but now Saudi companies only hire to meet percentages and may fail to train their Saudi employees adequately. For example, a 2016 engineering graduate with a high GPA recalls how he was offered a job with a drilling company, but he could have earned a better salary working as a supermarket cashier. He believes the only reason the drilling company wanted to hire him was to have a Saudi on their books to comply with Saudization. Moreover, others believe they are also at a disadvantage under the scheme, as MoL encourages companies to hire more women because “a Saudi woman counts for two Saudi men in Saudization terms.” As greater numbers of Saudi women enter the workforce, young men are increasingly competing with them for jobs. Unsurprisingly, this has come as something of a shock.

First passed in 2015, Article 77 of the Saudi Labor Law allows companies to fire Saudis with little or no notice and has become another highly contentious issue. A 2017 revision of Article 77, granted employers the right to terminate workers’ contracts for modest compensation, causing a 38 percent drop in Saudization. For instance, in the oil and petro-chemical industries, young Saudi employees have been let go because a policy of “last in, first out.” Significantly, if an individual loses his job, he also loses benefits and allowances related to his family. In fact, this potential loss of benefits and allowances has resulted in many Saudis focusing more on part-time secondary incomes (e.g. small individual or family businesses such as mobile phone shops) rather than their full-time primary positions to ensure a safety net. Additionally, for some, the rising cost of living necessitates supplementing their primary income as they cannot depend on a single income source.

Many young men, both employees and students, work as drivers for Careem (a regional ride sharing app similar to Uber) in their free time.

Ramady observes that “due to social values, many young Saudis do not want, although some unemployed Saudis are beginning to accept, seemingly social demeaning jobs” such as supermarket cashiers and gym receptionists. For instance, in 2016, a student told me that “Saudis will not do certain jobs” such as construction work because many young men want “luxury positions” and jobs such as barbering are not considered “manly.” However, Ramady also notes that young Saudis have started to lower their expectations of high salaries and automatic public sector jobs, acknowledging that the low oil price has transformed the socioeconomic environment. In fact, nowadays, some young men have jobs previously considered socially “unacceptable,” because they realize that it is better to earn a salary, even if it is low, than take money from their families. This has resulted in young Saudi men taking part-time jobs as sales assistants in retail outlets and waiters in coffee shops. Nonetheless, old attitudes prevail with an individual from Jizan saying, “companies are begging young Saudi men to start doing manual work, but they refuse because it remains culturally unacceptable.”

Housing

Many young men believe strongly that it is the responsibility of the government to provide housing and/or the funds to purchase a property. Conscious of public expectations and the lack of affordable homes, in July 2016, the Ministry of Housing launched 27,658 housing projects across the kingdom within its sakani (housing) program to allocate and deliver 280,000 housing units in 2017. In December 2017 the government allocated an additional 21 billion riyals for housing and 14 billion riyals for efficient home design and engineering. Due to rapid urbanization, fueled by the influx of rural populations into urban areas, the problem of providing affordable housing to the populace is particularly acute in the large cities. Furthermore, the preference of developers to build luxury
housing, has created a serious shortfall of homes for the rapidly expanding low and middle-income populations. Many young men also point out that significant numbers of Saudis do not own their own homes. In 2016, the Ministry of Housing estimated Saudi homeownership at 47 percent, although KSU’s Population Statistics Center records that in small cities and towns such as al-Baha, Jazan, Abha and Jubail, more Saudis tend to own their homes due to higher purchasing power and social traditions. As Opoku and Abdul-Muhmin state, “adequate housing is so much an integral part of the needs of every society that its value for individuals, families, communities, and society at large is hardly questioned.”

Many young Saudis wonder why this integral need is not being fulfilled, particularly as Saudi Arabia has abundant land and natural resources.

Property and land prices vary according to region and district, although property prices and rent are generally more expensive in urban centers. Certainly, it is possible to buy a cheaper property in the provinces, but as there are few jobs this is not always seen as a viable option. Needless to say, the cost of buying a house is widely discussed among young Saudi men, who worry about being able to get on the property ladder in much the same way as their Western peers. They note that things were different in the past when their fathers could afford to build houses and then split these into apartments for rent. After getting married, young men want to start families, but it is becoming increasingly difficult and frustrating for the not so well-off to own a home due to rising house and land prices. Some young men therefore, anticipate living with their fathers long into the future. However, after the government introduced annual fees for any dependents in July 2017, many expatriates opted to send their families home rather than pay, resulting in apartments being vacated and cheaper rents for young Saudis.

Some young men accept that buying a small apartment might be the first (and only) option as purchasing a house might not be a realistic goal until they reach middle age. As it could take upwards of a decade to save enough money to buy or build a house, the government could benefit from prioritizing the provision of small properties.

Other individuals remark how they watched friends and relatives work for over twenty years to purchase a house, but having spent so much time, effort, and money some men find that by that time their children are all married and the parents end up living in an empty house. Other young men acknowledge that to purchase a property they will probably have to take out a large bank loan. In fact, “nowadays banks are always advertising housing loans” although some young men joke that this is so they will be saddled with a loan forever. However, they also see value in taking out a mortgage (the first Saudi mortgage law was introduced in 2012) for an apartment over a 10 to 15 year period rather than paying rent. Nonetheless, due to the current economic situation, some young men are having second thoughts about getting a mortgage, because they are worried about losing their jobs and keep up with repayments.

Concluding remark

Due to the desirability of a job for life, the majority of young men would still prefer to work in the public sector, as they believe there is little job-security in the private. There remains a widespread perception that an individual can be fired at any time even though one young man believes this is a misconception that has become a “stereotype of public fears.” Undoubtedly, there is a great need to encourage private-sector employment, but simultaneously job security must be assured as it is commonplace to hear individuals in the private sector hoping to transfer into the public sector at the earliest opportunity. One young man echoed the comments of many of his peers when he said he took a job in the private sector because it was offered, but he would have no hesitation transferring to the public sector if (or when) a position becomes available.

Providing jobs and affordable housing for young Saudis is critical for Crown Prince Mohammed bin Salman. Although he has reduced the power of the kingdom’s clerics and loosened social restrictions, by assuming control over all aspects of Saudi life the crown prince has
become more reliant on popular support than past rulers. Despite increasing entertainment opportunities for Saudis such as the opening of cinemas in 2018, support for crown prince could be seriously undermined if the government fails to prioritize employment and housing over “vanity projects” or “bread and circuses” social policies that do little to benefit society in the long-term. Failure to do so will place enormous strain on the social contract, pushing young Saudi men to the margins of society and undermining any efforts to implement Saudi Vision 2030.

Endnotes

5 Hofuf focus group, December 2016.
6 I know chemical engineering graduates who were out of work for up to two years.
7 Riyadh focus group, February 2017.
8 Riyadh focus group, April 2017.
9 Al-Ahsa focus group, June 2017.
10 Views expressed by multiple Eastern Province focus groups, 2016-18.
11 Al-Qassim focus group, January 2017.
12 Al-Mithnab focus group, January 2017.
13 Abha focus group, November 2016.
14 Al-Khobar focus group, November 2016.
15 Riyadh focus group, February 2017.
16 Views expressed by multiple focus groups across Saudi Arabia, 2016-2018.
17 Dhahran focus group, November 2016.
18 Views expressed by multiple focus groups across Saudi Arabia, 2016-2018.
19 Ibid.
20 Dhahran focus group, November 2016.
22 Al-Ahsa focus group, June 2017.
23 Views expressed by multiple focus groups across Saudi Arabia, 2016-2018. “In the private-sector the working hours are 30 per cent higher than in the public-sector, if not more”.
24 Dhahran focus group, November 2016.
25 Ibid.
26 Qatif focus group, October 2016.
31 Jabarti, S., “Nitaqat is fair to all: Fakeih”, Arab News, 13 August, 2011. Available at: www.arabnews.com/node/387500
32 Hofuf focus group, December 2016.
33 Ibid.
34 Interview with Mohammed, Dhahran, March 2017.
35 Qatif focus group, October 2016.
36 See, for example: “MOL’s Article 77 is designed to humiliate Saudi workers!”, Saudi Gazette, 05 December, 2015, available at: http://saudigazette.com.sa/article/143859/MOLs-Article-77-is-designed-to-humiliate-Saudi-workers!
38 Views expressed by multiple Eastern Province focus groups.
39 Author’s online survey response: إذا تتوفر لك الفرصة، هل تفضل أن تبدأ مشروع عمل خاص بك أم لا؟
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Al-Afaj focus group, April 2017.


Al-Ahsa focus group, June 2017.

Qatif focus group, October 2016.

Riyadh focus group, February 2017.

Al Qassim, al-Mithnab focus group – 5 members: 25-28.01.17. “Others disagree and consider this the individual’s responsibility as the government already provides free education and healthcare”.


Al-Aflaj focus group, April 2017.


Riyadh focus group, April 2017.

Views expressed by multiple focus groups across Saudi Arabia, 2016-2018.

Ibid.

Riyadh focus group, April 2017.


Views expressed by multiple focus groups across Saudi Arabia, 2016-2018.

Hofuf focus group, December 2016.


Riyadh focus group, February 2017.

Riyadh focus group, April 2017.


Ibid.

Hofuf focus group, December 2016.

Al-Afaj focus group, April 2017.

Ibid.

Riyadh focus group, February 2017.

Al-Afaj focus group, April 2017.

The Project on Middle East Political Science

The Project on Middle East Political Science (POMEPS) is a collaborative network that aims to increase the impact of political scientists specializing in the study of the Middle East in the public sphere and in the academic community. POMEPS, directed by Marc Lynch, is based at the Institute for Middle East Studies at the George Washington University and is supported by Carnegie Corporation of New York and the Henry Luce Foundation. For more information, see http://www.pomeps.org.